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Daily Report

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FBIS-EAS-94-208

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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

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Japan

Survey Shows Favorable Image of Clinton Fading

OW2710105994 Tokyo KYODO in English 1907 GMT
27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Forty percent of Japanese polled have favorable images of U.S. President Bill Clinton, a drop of 22 percentage points from February last year, according to survey results released Thursday [27 October]. The Japan Research Center, a member of Gallup International, surveyed 2,000 people aged 18 and older Oct. 6-12 to study what image Japanese have of Clinton ahead of the U.S. midterm elections in November. It received 1,319 responses.

The survey showed that 40% of respondents have favorable images of the U.S. leader, down from 62

in February 1993.

Those holding unfavorable images numbered 55%, up from 34% in the 1993 poll, the survey said.

The survey found that respondents do not have high expectations for Clinton in leadership on the international stage, in recovery of the U.S. economy, in trade policies toward Japan or in improving friendly bilateral ties, the company said. While 22% of respondents in the February 1993 poll replied that they expect Clinton to show leadership internationally, the figure fell to 14% in the latest survey. Twelve percent said they expect him to show leadership in economic recovery, 5% expect his initiative in trade policy and 21% expect Clinton to improve ties with Japan, the survey showed. Also, 74% replied they do not think relations between Japan and the United States have changed since Clinton took office nearly two years ago, 4% said relations have improved and 20% said they have deteriorated, the survey said.

MOFA Wary of 'Strategic Change' in Trade Talks

OW2210123494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Oct 94 Morning Edition p 5

[FBIS Translated Text] The U.S. Government informed Japan that it would seek a strategic change regarding the two nations' comprehensive economic talks. It seems that the United States—after determining that adherence to a public pledge to improve the prospects for inroads into the Japanese market in particular areas would invite resistance from Japanese "reformists"—wants to attach importance at the framework talks to the easing of regulations, which is related to consumer interests. Reportedly, the United States plans to submit to the Japanese Government by mid-November a list of new requests for easing regulations. However, it is still uncertain whether U.S. Government officials completely agree with each other on easing demands for setting numerical targets. Thus, the Ministry of Foreign Affairs

[MOFA] and other ministries are carefully watching the movement of the U.S. Government regarding this strategic "change."

It is said that Charles Lake, the U.S. Trade Representative's (USTR) Japanese director, recently informed Japanese Government officials and concerned people in the private sector of U.S. intentions.

At the Japan-U.S. economic negotiations held so far, the U.S. Government tried to draw Japanese public opinion to its side, saying that "a correction of the price gap between Japan and other countries will be beneficial for Japanese consumers." The two countries, at framework talks held during the 1989-1990 period, talked about measures to change Japan's social structure. At that time, some people in Japan said that "the United States is playing the role of a healthy opposition party."

However, many people are pointing out that the way the United States carried out the negotiations at the comprehensive talks gave the Japanese people a rather negative impression. That is because the United States tried at the comprehensive talks to use objective criteria as indicators for managed trade and openly represented the interests of U.S. companies at macroeconomic negotiations between the two countries.

This is the background against which the United States lately has begun to lean toward the view that it should promote comprehensive talks while attaching importance to structural issues, such as easing regulations and strengthening competitive measures. Japanese Section Chief Lake is reportedly asking concerned Japanese in the private sector and other people what they "expect" of the Japan-U.S. comprehensive talks. The United States plans to prepare a list of new requests for easing regulations through a policy meeting on the framework talks, deregulation, and competition. The meeting is scheduled to be held on 15 and 16 November. A U.S. diplomatic source in Tokyo said: "We plan to attach importance to electronic communications and financial matters for the time being."

In general, the MOFA welcomes such a movement, saying: "Discussions on structural issues will be more effective than theological argument over objective criteria in revising the imbalance between Japan and the United States." However, it is also true that the United States is still adhering to its demand that Japanese automakers should buy more foreign-made parts. It seems that Japan will continue to harbor doubts as to whether the "change is truly real."

New 'Crucial' Round of Glass Trade Talks Held

OW2610115594 Tokyo KYODO in English 1142 GMT
26 Oct 94

["Japan, U.S. Open Crucial Round of Talks on Glass Trade"—KYODO headline]

[FBIS Transcribed Text] Tokyo, Oct. 26 KYODO—Japan and the United States opened crucial negotiations in Tokyo on Wednesday [26 October] on the opening of the Japanese flat-glass market within bilateral “framework” trade negotiations.

The three-day meeting at the trade ministry is based on an agreement reached between U.S. Trade Representative Mickey Kantor and Japanese Trade Minister Ryutaro Hashimoto in Washington earlier this month. The discussions will center on objective criteria demanded by Washington to measure the extent of market opening in Japan, officials at the Ministry of International Trade and Industry said. Both sides aim to arrive at complete agreement on the issue within this week, they said.

Washington claims that a few Japanese glass companies control the domestic market, effectively preventing the entry of foreign manufacturers into the 4.5 billion dollar market.

Tokyo To ‘Maximize Efforts’

OW2710103894 Tokyo KYODO in English 1018 GMT 27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Japan will do its utmost to wrap up glass trade talks with the United States before the Oct. 30 deadline, a senior Japanese trade ministry official said Thursday.

“I understand there remain difficult problems. But we will maximize efforts to settle the issue,” Vice International Trade and Industry Minister Hideaki Kumano told a news conference.

Tokyo and Washington began talks on U.S. access to Japan’s flat glass market in Tokyo on Wednesday based on an earlier trade “framework” agreement that calls for mapping out a set of measures before the end of the month.

Kumano said he does not think both parties are yet on the brink of reaching accord. “We have several days left before the deadline.”

Discussions are reportedly focusing on how to set “objective criteria” as an instrument to gauge the extent of the Japanese glass market’s openness. The U.S. side is said to be calling for use of such criteria as the volume of foreign-made glass sales in Japan and the number of wholesalers handling foreign products.

The Japanese glass market is currently dominated by a few domestic makers, prompting U.S. claims that Japan’s market is blocking imports.

Tokyo, U.S. Officials Review Computer Trade

OW2710043594 Tokyo KYODO in English 0404 GMT 27 Oct 94

[FBIS Transcribed Text] Washington, Oct. 26 KYODO—Japan on Wednesday [26 October] sought to allay U.S. concern on access of U.S. companies to

Japanese Government procurement of computer products by outlining market-opening efforts undertaken by Tokyo over the past year, Japanese officials said. The officials said the United States made no fresh market-opening demands during the one-day session of working-level officials from the two countries.

The meeting, held under a compliance review provision of a 1992 bilateral accord on computer trade, focused primarily on a presentation on bidding procedures the Japanese Government has taken to give foreign companies equal access to government purchasing plans.

U.S. Trade Representative Mickey Kantor has expressed concern about U.S. access to Japanese Government procurement of computer products, charging that sales of U.S.-made computers in the Japanese public sector lag behind their performance in the Japanese private sector.

Officials from Japan and the U.S. also met in Washington on Tuesday to review Japanese Government procurement of supercomputers.

Tokyo Plans ‘Hardline Stance’ at Aviation Talks

OW2210104594 Tokyo MAINICHI SHIMBUN in Japanese 22 Oct 94 p 11 Morning Edition p 11

[FBIS Translated Text] On 21 October, the Transportation Ministry firmed up its plan to introduce hardline measures toward the United States to revise the Japan-U.S. aviation pact, a one-sided agreement which is unfavorable to Japan. Japan will not process applications for opening new flight routes and exercising beyond rights (rights to fly into Japan from the United States and then to extend the flights to other destinations) even if the United States submits them after 30 October, the day the winter flight schedules take effect. Japan will do that unless the United States approves Japan Air Lines’ [JAL] application for opening up a regular service route between Sendai and Honolulu. JAL’s application was rejected in March.

So far, Japan has accepted almost all of the requests the United States has made. However, the ministry has decided to make a major policy change. Some U.S. carriers want to thwart flight services to Kansai International Airport; American Airlines sounded out the U.S. Government on the possibility of starting new flight services to the same airport. It seems that future negotiations between Japan and the United States could become tense at any moment.

Kansai International Airport was opened in September. Only 334 international flights are using the airport each week. This is about half of the target amount. Therefore, Japan is seeking more flight arrivals at the airport. However, since the United States refused JAL’s application for the Sendai-Honolulu route, which was approved by the aviation pact, Japan has decided not to make further concessions unless the United States abides by the rules.

The Japan-U.S. aviation pact, which was signed in 1952, is an unfavorable agreement for Japan. It gives more beyond rights to the United States than Japan and allows the United States to increase its number of flights to Japan without any restrictions.

Since Japan-U.S. negotiations on aviation broke off last August, Japan has been asking the United States to resume the negotiations as soon as possible. But the United States gave priority to maintaining its vested rights and kept refusing Japan's request. However, it seems that the United States, by accepting requests from U.S. carriers, who want to start flight services to Kansai International Airport, is ready to sit down at the negotiating table before the winter flight schedules take effect. As a countermove, Japan has decided to assume a hardline stance.

U.S. Firm Loses Patent Infringement Suit

OW2710064994 Tokyo KYODO in English 0344 GMT
27 Oct 94

[FBIS Transcribed Text] Osaka, Oct. 27 KYODO—A U.S. biogenetics company, which earlier won a patent infringement suit on one of its medical products against a Japanese competitor, lost a similar case Thursday [27 October] in the Osaka District Court to another Japanese company.

Genentech, Inc., a genetics-related engineering firm based in San Francisco, filed a suit in 1989 against Sumitomo Pharmaceuticals Co., based in Osaka, central Japan, alleging that Sumitomo copied the same genetic engineering techniques used to develop "TPA," a thrombus-dissolving agent used to treat blood clots in the heart.

The two companies disagreed over the fact that the amino acid sequences used to produce TPA by both companies differ in only one position.

Judge Shigekazu Anmae rejected Genentech's claim, saying, "the claim that Sumitomo Pharmaceuticals used the same techniques cannot be made, and thus does not constitute an infringement of Genentech's patent."

In 1992, Genentech won a similar suit against Toyobo Co., also based in Osaka, for the same product. Toyobo later stopped all production of TPA.

The ruling is predicted to set off a wave of alarms throughout the industry as it is the reverse of the ruling against Toyobo.

Lawyers representing Genentech said they are completely dissatisfied with the court decision and will investigate a possible appeal.

They said Sumitomo Pharmaceuticals did not use its own techniques in developing TPA.

Sumitomo Pharmaceuticals officials, pleased with the ruling, said they thought the court was convinced by

their assertion that the company had developed its own technology for producing TPA before Genentech's technology became known publicly.

Genentech first produced TPA through its genetic rearrangement technology in 1982 and applied for patents worldwide in 1983. It received a patent in Japan in January 1991.

The U.S. company filed a suit against Sumitomo Pharmaceuticals in 1989 when the Japanese company reached the final stage in developing TPA based on technology from Britain.

The suit delayed Sumitomo Pharmaceuticals' sale of the product.

Genentech earlier filed a suit against Toyobo in 1987.

Chirac Cites Benefit of U.S.-Japan Trade Pact

OW2710063294 Tokyo KYODO in English 0422 GMT
27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Paris Mayor Jacques Chirac said Thursday [27 October] the recent trade accord between Japan and the United States should not only benefit the two countries but Europe as well, Foreign Ministry officials said. Chirac, who arrived in Japan on Wednesday for a four-day stay, made the comment in a meeting with Prime Minister Tomiichi Murayama.

The premier reportedly said he feels the same way as Chirac on the Tokyo-Washington pact in "framework" trade negotiations, which were partially concluded earlier this month.

Japan and the U.S. agreed on government procurement of medical and telecommunications equipment, insurance and flat glass. But they failed to reach accord on the trade of autos and auto parts.

Asked on the state of the Japanese economy, Murayama said the nation should surmount macroeconomic and microeconomic difficulties, the officials said. He cited the need to push for deregulation, administrative and political reform to put the Japanese economy back on track, they said.

*** Perceived End to Japan-Bashing Examined**

952B0005A Kyoto VOICE in Japanese Oct 94 168-177

[Article by Tetsuya Kataoka, senior researcher, Hoover Institute, Stanford University]

[FBIS Translated Text] Japan-bashing has ended. This is my assessment. There are two reasons for the assessment. The first is that the United States thinks it has won the economic war. However, even if it did win, it is not aware of the true reason.

The other reason is that the structure of international relations has begun to change fundamentally, an end has

come to the interdependence of Japan and the United States, and normal distances have been established between the two nations. Japan has reached the point where it no longer succumbs to unreasonable outside pressure and the United States has lost the resolve to protect Japan. A government that is willing to tolerate North Korea's ownership of one or two nuclear weapons is not in a position to bash Japan.

I would first like to provide a bird's eye view of the structural genealogy of Japan-bashing as a means of explaining my proposition that Japan-bashing has come to an end. The reason is that unless one understands why Japan-bashing occurred, he cannot understand why it is now ending. A structural change will lead to an ideological change.

"The Cold War Is Over, and Japan Has Won"

"The cold war is over, and Japan has won," is a masterpiece statement written by Chalmers Johnson, who recently retired from the University of California at San Diego. No other quote has had such a sobering effect on Americans in recent times. I feel that Huntington, who spoke of the "clash of cultures" acquired a hint from that one statement.

The statement, "The cold war is over, and Japan has won," is a wild fabrication as explained later in this article. However if one were to explain the motivation for Japan-bashing, it would probably be this very statement. The statement is based on the sentiment that the United States almost bankrupted itself in coping with the "Evil Empire" for more than a half century and when the struggle was over, Japan, which had gone for a free ride, had come out the winner. It was a case where U.S. kindness was repaid with economic vengeance.

The sentiment was not the exclusive idea of Johnson. I would like the reader to recall that Paul M. Kennedy in his book, *The Rise and Fall of the Great Powers*, had predicted the same outcome. Kennedy said that while the United States was committing "imperial overreach," it could be replaced by Japan which was committing "imperial underreach." In other words, he was saying that a nation practicing imperialism to an excessive degree would lose to the freeloader.

This grudge arising from the sentiment that kindness was repaid with economic vengeance is a matter of geopolitics and has nothing to do with trade friction. An understanding of this situation requires a grounding in Japan-U.S. postwar history as well as an understanding of the differences between Japan-U.S. and U.S.-German relations. Unless one understands the reason for the absence of Germany-bashing, he cannot understand the reason for the existence of Japan-bashing.

If one were to view Japan-U.S. relations in the postwar period on a broad perspective, he can see that the two nations had repeatedly engaged in mutual bashing on an active and reactive basis. Such bashing evolved on a

dialectic but unstable basis. First came Japan-bashing during the occupation. This stirred up sentiment among the Japanese, who cried, "Yankee go home!" Once Japan regained independence, Shigeru Yoshida incited the Socialist Party into an anti-American stance, took the initiative in colluding with the Liberal Democratic Party, and openly voiced his discontent with the unfair security treaty. Such expressions on his part led to reactive U.S.-bashing in the form of anti-security treaty demonstrations.

Alarmed by the demonstrations, the Eisenhower administration launched its benign neglect policy. It provided for a mutual defense treaty without making Japan a part of the regional collective security system. In essence, Yoshida was able to acquire a treaty which was fashioned after the provisions promised to him initially by MacArthur. This provided assurance for conformance with the current constitution and high economic growth.

During the same period, West Germany rearmed, established a military conscription system, and became a core element of NATO; and Germany and the United States became what could be called coequal "fellow soldiers occupying the same trenches." Japan-U.S. relations assumed a little brother, big brother or a superior, subordinate arrangement. As Shin Kanemaru would describe the situation later, "Japan exists because of the United States; it is not a case where the United States exists because of Japan." Hidden behind that statement was the theory on the utility value of the security treaty or the admission that Japan was willing to be humiliated for the purpose of attaining economic advantages.

However, when the United States faced defeat in Vietnam, the assessment spread in Japan and the United States that Japan could not continue its high growth as a free rider. In 1976, Jimmy Carter won the presidential election by making the campaign pledge that he would withdraw U.S. troops from the Korean peninsula. He later blundered in the handling of the Iranian hostage situation and became the target of contempt by Soviet President Leonid I. Brezhnev.

In 1978, Prime Minister Masayoshi Ohira took the initiative in revising the free-rider, high-growth policies embraced by the Yoshida doctrine. It seems that Ohira metaphysically sensed the pending second wave of Japan-bashing. As a direct disciple of the Yoshida school of politics, Ohira was determined to make delicate adjustments in Japanese domestic politics as a means to preserve relations with the United States. Ohira commissioned his favored brain trusters Masamichi Inoki and Masaaki Takasaka to prepare a strategy. That strategy was completed in 1980, following the Soviet invasion of Afghanistan. The strategy paper contained the following passage:

"Japan is a pacifist nation. Even if our nation were to exert self-sustaining efforts to the maximum felt necessary for defense purposes, the ratio spent on defense in comparison to its GNP would still be clearly lower than

other principal nations. To offset that difference, Japan must take aggressive action in the area of economic and technical cooperation."

The foregoing was known as the integrated security concept. Later, Carter's Special Assistant for Security Zbigniew Brezinski coined the term "Ameripan" as a replacement for integrated security. It sounded good to say that the United States provided the military capabilities and Japan provided the economic resources, but the idea of buying security with money ran the risk of corrupting Japan.

Next came the invasion of Afghanistan. Until then, the Soviet Union had occupied territories recaptured from the Germans, but they had never invaded a territory. This fact shocked the world significantly. The move instigated a reaction by the United States. Presidential elections took place in the following year marking the arrival of Ronald Reagan, an ultra-hawkish candidate who attacked Carter's weak-kneed posture and made the revival of Pax Americana a campaign promise. Such developments inspired a revision of the Yoshida Doctrine.

In a speech in Detroit during the election campaign, Reagan promised to restrict the Japanese compact car export offensive overtaking the U.S. market on the wave of the oil shock. As soon as he was appointed to office, he requested the imposition of export restraints. The move not only violated the principles of free trade, but represented the imposition of restrictions on the Japanese economy with U.S. political power. Coping with the pressure brought the first application of the integrated security concept.

The Ministry of International Trade and Industry [MITI] faced the dilemma of having to sell "self-restraint" and councilor Naohiro Amaya took on the role of influencing public opinion. If Japan should insist on the preservation of its constitution and one-nation self-defense principles, the "merchant nation theory" called for a price to be paid for free-riding. This was just another way of describing integrated security.

But, it did not appear that Reagan understood the concept of integrated security. He requested a "significant increase" in the defense budget and the protection of sea lanes. In response, Prime Minister Suzuki said *Yes* in a joint statement in Washington, and then said *No* after he came back to Japan. The SDPJ asserted itself over the textbook issue and the Japanese Government refused to alter its position on restricting the defense budget to 1 percent of its GNP.

The Nation That Paid the Consequences for Riverboat Gambling

A prerequisite of Pax Americana was military power. Not surprisingly, Reagan boasted "We will win the cold war." When asked if he was trying to start a war, he would answer that was not the case. He would rely on

U.S. wealth to challenge the enemy with a military expansion war and "force the Soviet Union into bankruptcy." In his public commitments, he promised a military budget of \$1 trillion for the first five years, but in reality spent \$1.5 trillion.

To respond to the question of where the money will come from, he had prepared a political policy calling for a "small government" and an economic policy to be known as "Reaganomics."

"Small government," essentially, called for reduction in welfare spending, cuts in the bureaucracy, deregulation, a balanced budget, and expansion of market principles. The main feature of Reaganomics was a major income tax cut. The idea was that the tax cut would encourage savings and investments, bring about significant economic expansion, and eventually create increases in tax revenues that substantially exceed the tax cuts.

In response to this story about seeking increased tax revenues from tax reductions, Republican Party Senate Floor Leader Howard Baker referred to it as "Mississippi riverboat gambling." However, after having withdrawn from Vietnam in the face of defeat, Americans had become disgusted with preservation of the status quo and sought social reform. Thus, Americans who questioned Reaganomics which called for revival of Pax Americana through tax reductions, opted for gambling for the realization of a dream.

Reagan solidified public opinion. Such moves served as the source of Reagan's political influence domestically and internationally. That strength was reinforced by \$1.5 trillion of spending on arms. Reagan evinced hawkish confidence in the face of U.S. allies, saying that the United States was dipping into its national wealth for the sake of protecting freedom. For Japan, such spending became a "debt."

With respect to this particular point, Prime Minister Nakasone, at the 1987 Venice summit, made the following statement to Reagan.

"Honorable President... I reverently ask that your venerable nation effect a decisive cut in its fiscal deficit. Unless, you do so, the global economy will be thrust into a serious situation. I feel that other world leaders are of the same sentiment. Are you aware of why the other world leaders fail to speak up so frankly?

"Of utmost importance, we are all protected by the military strength of your eminent nation. Accordingly, it is difficult for them to ask that a decisive cut be made in the defense budget of your exalted nation."

The optimistic expectations of Reaganomics failed to become reality. Reagan's legislative actions effecting tax reductions merely created a hole in the fiscal situation and the "riverboat gambling venture" failed. At that juncture, the Reagan administration asked Japan to invest its trade surpluses in U.S. Government bonds to

compensate for the latter's fiscal deficit. The huge torrent of Japanese money was recycled from Japan to the United States. The United States used money it borrowed from Japan to make up for its deficits and extend its fiscal lifespan. Such actions were followed by increasing imports from Japan.

Paul M. Kennedy's assertion that U.S. imperial overreach would bring economic failure to the United States was correct. However, he was not able to predict the peculiar situation in which Japan would cover the U.S. deficit.

In any event, the twin deficits would eventually rise with a compound effect. This fact is portrayed in graph 1 [not reproduced]. In 1980, the year before Reagan became president, the U.S. trade figures were in balance. The trade balance deteriorated sharply in tandem with the sharp climb in the fiscal deficit. THE NEW YORK TIMES which had published this graph as part of a cover story probably wanted to describe the trade deficit as the effects of what Reagan sowed. This theory was commonly referred to during the first term of the Reagan administration.

Table 1. U.S. International Accounts

(in billions of dollars)

Year	Trade Account	Investment Account	Official Financing
1960	2.8	-6.4	3.8
1961	3.9	-5.2	1.4
1962	3.4	-6.2	2.8
1963	4.4	-6.9	2.4
1964	6.8	-8.7	1.9
1965	5.4	-6.8	1.3
1966	3.0	-2.9	-0.1
1967	2.7	-6.1	3.5
1968	0.6	1.0	-1.7
1969	0.4	2.1	-2.5
1970	2.3	-12.6	10.3
1971	-1.4	-28.5	29.9
1972	-5.8	-5.4	11.2
1973	7.1	-13.3	6.2
1974	2.0	-11.0	9.0
1975	18.1	-24.4	8.2
1976	4.2	-19.4	15.1
1977	-14.6	-21.9	36.4
1978	-15.4	-19.0	34.4
1979	-1.0	14.7	-13.7
1980	1.1	-9.7	8.6
1981	6.9	-7.7	0.8
1982	-5.9	7.2	-1.4

1983	-40.1	35.5	4.6
1984	-99.0	98.9	0.0
1985	-122.3	127.3	-6.0
1986	145.4	109.5	35.9
1987	-160.2	105.7	54.4
1988	-126.2	90.6	35.8
1989	-106.3	123.0	-16.7
1990	-92.1	61.9	30.2
1991	-8.3	-14.9	23.4
1992	-66.4	21.9	44.6
1993	-109.2	39.3	69.8

Table 1 was extracted from THE WALL STREET JOURNAL and reflects foreign individual and government investments in the United States. It shows that foreign individual investment in the United States grew rapidly until 1987. However, such investments fell sharply after the major decline in stock prices on Black Monday. On the other hand, a sharp decline in the dollar took place after the Plaza Accord in 1985 and foreign government investments in the United States grew sharply from 1986 as a result of buying to support the dollar.

In the United States, economists reason that individuals invest as an economic act to pursue profit. They mean that government bonds are bought to earn interest. They also reason that government investments are made as a means to manipulate foreign currency rates. In other words, dollars are bought to seek a weak yen, and the dollars are used to buy U.S. government bonds. This is why they say government investments are a selfish economic act.

However, the foregoing view reflects nothing more than U.S. smugness. I view a considerable portion of Japanese investments in the United States, even in the case of individual investments, as being politically motivated to aid the United States in disregard of the principle of return on investments. In essence, they comprise a "Marshall Plan." The merchant nation turned out to be the bookmaker of the global police force.

It is believed that MOF's administrative guidance called for investments which disregarded the principle of return on investments and were politically motivated. Money from the life insurance companies which represented the largest institutional investors was forcibly mobilized for the "sake of national interests." The value of the dollar was halved in the two years between the Plaza Accord of 1985 and the ruble agreement of 1987. Notwithstanding, personal investments in U.S. government bonds continued.

Further, even if individuals were to seek a return on investments, the Japanese Government manipulated interest rates for the purpose of coordinating with the G-7. A foremost example was the super-low-interest

period initiated because of Black Monday in October 1987. Even if U.S. investments were abandoned in fear of foreign exchange losses, the low interest rates made it inadvisable to invest in Japan. Concurrently, the low-interest policies caused the creation of the bubble. The fact that Japan opted for taking such action despite the risk of a bubble can be termed nothing other than aid to the United States in a political sense.

Prime Minister Takeshita had resisted the opposition of the MOF for the great cause of integrated security or "the theory of surplus nation responsibility." This represented a situation in which Japan paid for the consequences of Reagan's "gambling on the river boat."

Party Held by Revisionists

It is probably impossible to calculate how much of Japan's investments in the United States took place in the form of a "Marshall Plan." This is because aid and normal economic acts were intermingled. Researcher Richard Koo of the Nomura Research Center is a U.S. citizen and consistently assumes a detached stance in his views, but, according to an article in the 19 June edition of the ASAHI SHIMBUN, he estimated that foreign exchange losses suffered by Japanese institutional investors reached 35 trillion yen. Let us estimate that 10 trillion yen represents aid and 25 trillion yen represents genuine losses.

The U.S. Marshall Plan in 1947 U.S. dollars totaled \$16 billion, but converted into today's currency would be the equivalent of \$100 billion. Japan's aid to the United States converted at the rate of 100 yen to the dollar under today's weak dollar rate would come to \$100 billion... exactly same amount.

Lurking in the background of Black Monday was an episode that addressed the differences between Japan and the United States and Germany and the United States. In October 1987, both Japan and Germany were suffering from recessions based on a strong yen and a strong mark. At that point, Treasury Secretary James A. Baker requested the lowering of interest rates to stimulate domestic demand. Japan agreed, but the German Government firmly rejected the request. The angered Baker openly said if that is the case, we'll manipulate the dollar to lower values. Japanese investors who heard the remark sold U.S. government bonds with a vengeance. Interest rates on long-term government bonds rose sharply and U.S. investors sold stocks and shifted to government bonds.

Those events created a sharp decline in both stocks and the dollar. At that point, Treasury Secretary Baker placed a late night call to his old friend Prime Minister Takeshita and sought his assistance. Subsequently, the Bank of Japan turned out to be the sole agency to purchase dollars to support its value. (See Table 1)

The difference between Germany's *No* and Japan's *Yes*, in essence, emanates from the constitution and integrated security concept which is the embodiment of the revisionist Yoshida doctrine.

My approach is somewhat like putting the cart before the horse, but let me explain the mechanics of Japan-bashing at this point. The U.S. trade deficit rose meteorically after the end of the recession of 1982. That meant that the basis for Japan-bashing had existed. However, as previously mentioned, this was understood to be a part of a twin deficit. After Reagan's reelection, this situation was to be blamed on Japan.

The imposition of the blame was based purely on U.S. domestic political elements. A popular Reagan succeeded in using his coat tails in creating a Republican majority in the Senate by reaping votes for congressional Republicans in the his first presidential election. However, during his second term, the congressional Democrats made a recovery and in 1986 the Democrats became the majority party even in the Senate.

That situation created what is known as gridlock. A Republican president and a Democratic Congress confronted each other, blamed each other for legislative difficulties, and politics came to a virtual standstill. The gridlock led to a situation in which Japan became the culprit. Reagan attacked the Democratic Party for rejecting reductions in the fiscal deficit through welfare cuts. In return, congressional Democrats attacked Reagan for trade deficits. This is when Democratic Congressman Richard A. Gephardt rose to the occasion.

Even during the presidential elections of 1984, the fiscal deficit became a point of dispute and Democratic Party presidential candidate Walter F. Mondale proposed a tax increase to reduce the deficit. Reagan lost no time in attacking Mondale for his election pledge for a tax increase and defeated him in the election. The victory led to the collapse of any hope for a balanced budget. Next, the Republican Party proposed the Gramm-Rudman plan to reduce fiscal deficits, but Reagan was not in favor of that idea as well.

Thus, the Democratic Party was to learn that reduction of fiscal deficits was nothing more than a tool for attacking the Democrats. The severely angered Democratic party decided to harass Reagan by bashing his good friend *Yasu* and Japan to boot.

In the final stages of the gridlock, a frustrated Reagan stood between Gephardt and Japan and divided his attention to the two sides. Prime Minister Nakasone pulled out the "Maekawa Report" and responded desperately, but in the spring of 1985 the situation became so tense that Minister of State for External Economic Affairs Saburo Okita described it as "Tantamount to the eve of a new war."

The twin deficit theory was cast aside and Japan's trade surplus became the sole villain. Concurrently, the White House which tried to help Nakasone began to say that, even though *Yasu* [Nakasone] wants to open Japanese markets, the bureaucrats won't let him have his way. The revisionists took advantage of that statement.

Japan's bubble economy arrived after Black Monday in 1987, but U.S. revisionism made its debut at the height of the bubble. For beginners, Karel Van Wolferen's book was published in 1989. Ironically, the revisionists saw Japan in a stage of collapse as a result of executing its "Marshall Plan" and became alarmed.

When the bubble inflated and land prices began to rise sharply, some Japanese economists argued that we were not witnessing a bubble, but a fundamental change. And, there were scholars who said that Japan is undergoing a change in paradigms from that which is based on stock versus flow. Even U.S. revisionists were unaware of the true nature of the bubble and were convinced that Japan was accelerating its growth into a giant.

A prime example of such a perspective was James Fallows' paper titled, "Containing Japan." This article was the cover story in the May 1989 issue of ATLANTIC magazine and was accompanied by the picture of an obese sumo wrestler. Fallows and the likes of him were sold on the idea that the United States had lost the economic war when Japanese corporations converted their underlying assets into capital investments and initiated two-digit increases in investments.

If revisionists are allowed to speak their minds, Japan is neither capitalistic nor democratic. They refer to Japan as being a developmental state rigidly controlled by bureaucrats. Japan embraces a kind of bureaucratic socialism. Accordingly, they feel that Japan does not function on the basis of market principles known as supply and demand. Japan acts only on the basis of politically motivated administrative guidance. Moreover, Japan is a threat to the U.S. free economy. Thus, they assert that the only way to open up such a market is to use the "gaiatsu" [external pressure] known as Japan-bashing. This merely represents an excuse for bashing. It does not represent economics in a scientific sense. Revisionism and economics are related in a mutually hostile sense.

Winds of Public Opinion Send a New Message

The foregoing passages describe the structure of Japan-bashing. The following discussion will demonstrate that the structure has almost vanished.

1. Now that the United States has won the cold war, it has forfeited the great cause of asking that Japanese money be recirculated to the United States. Quite to the contrary, it is asking that Japan use domestic investments to expand domestic demand. Even in Japan, the Ministry of International Trade and Industry is orchestrating social capital investments.

2. The United States has not vacated its role as global policeman. However, it has at times refused to discharge its duties in that respect. Of special note is that when it comes to infantry combat situations, it has chosen to follow the example set by its allies. That is the case in Bosnia. In the case of the North Korean issue, it is

following the example of Japan which faces constitutional restrictions. This being the case, the United States is in no position to issue orders as it did during the Reagan and Bush days.

3. Americans are not aware of the real causes which took Japan from a bubble economy into recession. This is truly a case of ignorance is bliss. Concurrently, Japanese who went bankrupt in their attempt to aid the United States and who make no attempt to win a few points are blissfully stupid. However, notwithstanding the chain of events leading to this situation, Americans are well aware of the effects of recession. Just as Naohiro Amaya predicted, Japan went bankrupt in its efforts to pay for integrated security. It will take Japan another 10 years before it is able to economically challenge the United States.

4. Japan went bankrupt because of the cold war, but Germany also went bankrupt in the process of unifying itself with East Germany. The impact is that the U.S. economy can no longer rely on Japanese and German capital. If the dollar should face another free fall, the situation is such that no one will be able to come to its aid.

5. Although belatedly, Japan will probably revise integrated security rules, begin to deploy troops overseas, and eventually become a permanent member of the UN Security Council, and hold veto powers. The little brother-big brother relationship will be dissolved. The Hosokawa-Clinton talks produced the first occasion when Japan said "No." The 1955 system which was the domestic political basis for little brother diplomacy has also collapsed.

6. The United States has succeeded in eliminating the congressional gridlock with the election of Democratic President Clinton. Accordingly, Japan-bashing by Congressman Gephardt came to a sudden stop. Further, public opinion underwent a change and the Democratic Party has begun to work on reducing the fiscal deficit.

7. Stated accurately, Japan was a free-rider for defense purposes from the days of the 1960 security demonstrations to the Soviet invasion of Afghanistan. However, it can be said that Japan paid all of its debt in this respect in the name of integrated security during the 1980's. It would have been impossible for Reagan to wage his final battle with the "Evil Empire" without vast financial aid from Japan. If it were not for aid from Japan, the United States probably would have forfeited its position as a major power as predicted by Paul M. Kennedy.

Japan-bashing has come to an end. If the structure for Japan-bashing is dissolved, the ideology for revisionism will also be dissolved.

Michael Creighton, author of *Rising Sun*, was utterly depressed by the criticism of racial bigotry in the movie critique column of THE NEW YORK TIMES, and

quickly shifted themes and wrote a science fiction book about dinosaurs which he titled *Jurassic Park*.

Fallows was so scathingly attacked for his newest book, *Looking at the Sun*, that he reportedly will resign from his position as Japan expert for the ATLANTIC and will pursue other professional interests.

Laura Tyson, who was appointed Economic Advisory Council chairperson after writing *Who Is Bashing Who*, reversed herself to opposition against sanctions in the final minutes of the confrontation between Hosokawa and Clinton.

Economist Paul R. Krugman, who was Tyson's mentor and who had contributed to the buildup of Japan-bashing, in recent editions of the FOREIGN AFFAIRS magazine has begun to say that President Clinton is inspiring a move towards protectionism because of his overemphasis of competitive principles.

I feel that this represents the end to revisionism.

Tokyo To Negotiate With EU on Mobile Phones

OW2710105094 Tokyo KYODO in English 1028 GMT
27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Japan will negotiate with the European Union (EU) on the Japan-U.S. deal on opening Japan's mobile telephone market under the framework of the General Agreement on Tariffs and Trade, a government spokesman said Thursday.

"We have received from the EU a request calling for talks," Chief Cabinet Secretary Kozo Igarashi said at a press conference. "We decided to comply with it and the schedule is being arranged between officials of both sides."

Japan and the United States reached an agreement in March on opening the mobile phone market to avert U.S. trade sanctions.

The EU's move apparently reflects its concern about Japan's policy emphasis on the U.S., rather than on European and other countries.

"We will explain our mobile phone accord with the U.S. and seek correct understanding from the EU if they get us wrong on this matter," Igarashi said.

EU Wants More Tax Breaks From Tokyo on Imports

OW2710115894 Tokyo KYODO in English 1132 GMT
27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—The European Commission on Thursday [27 October] urged Japan to continuously offer tax and financial incentives to Japanese importers to help boost Japan's imports from Europe.

The commission expressed concern that ongoing export-boosting efforts by companies in the European Union (EU) will be frustrated by the expiration of such Japanese steps at the end of next March, Japanese officials told reporters.

At stake is a tax break given to those buying foreign-made products and low-interest rates applied to loans extended to importers by government-affiliated banks, both of which were included in a market-opening package released by the government at the end of March.

The commission made the request during the first meeting of the trade promotion committee it set up jointly with Japan's trade ministry earlier this year.

The joint committee is designed to maximize the effects of trade promotion campaigns previously undertaken by Japan and the EU separately, by reviewing the progress of mutually agreed trade programs and offering more effective steps if originals prove unworkable.

"The EU side strongly appealed to Japan for a continued enforcement of the steps beyond next March," Japanese officials told reporters.

A Japanese delegate was quoted as refraining from a direct answer to the request, saying the issue will be discussed in budgetary negotiations with the Finance Ministry.

In June, Japan's Ministry of International Trade and Industry (MITI) and the European Commission released a set of joint programs to spur European exports to this country.

Under the package, MITI and the Japan External Trade Organization (JETRO) have been supporting the EU's "Gateway to Japan" three-year export promotion scheme from 1994 by sponsoring trade fairs and seminars.

The package also includes offering training to European corporate managers planning to launch business in Japan through acceptance of trainees and dispatch of Japanese experts to the EU.

In order to smooth implementation of the set goals, MITI and the European Commission created the joint committee, which holds consultations twice a year in Tokyo and Brussels alternately.

Thursday's consultations issued a joint statement which welcomed the rise in shipments from the EU to Japan since 1993.

The meeting confirmed the necessity for both parties to make efforts to "reap the fruits of trade promotion not in the spirit of confrontation but of cooperation," the Japanese officials said.

In the statement, they selected distribution machines, machine tools and medical equipment as three "target" export areas for the EU in this fiscal year.

For next year and beyond, special emphasis will be given to six areas—furniture, environmental technology, construction materials, construction machines, packaging machines and machines for use in ships.

The nine sectors are treated as priority areas under the Gateway to Japan program.

The progress of measures shown in the statement will be evaluated at a Japan-EU ministerial meeting set for Nov. 19 in Tokyo.

Tokyo To Review U.S. Handling of DPRK Issue

*OW2610130194 Tokyo ASAHI SHIMBUN in Japanese
23 Oct 94 Morning Edition p 1*

[Article by Washington correspondent Yoichi Funabashi; second in series entitled "Is the Korean Peninsula About To Enter a New Era?": "U.S. Sought To Negotiate With the DPRK on the Basis of Multilateral Security"]

[FBIS Translated Text] North Korea has become an orphan of the Cold War and a grand experiment has been launched to draw the country into the global community. It is ironic that the nuclear threat used by North Korea as a trump card in negotiations with the United States has proved the catalyst for the promotion of the grand experiment. North Korea is now in an economic and diplomatic impasse.

While the NEW YORK TIMES hailed the accord reached between the United States and North Korea as a "major diplomatic victory," Jessica Machuzu [name as published], a senior researcher with the U.S. Foreign Policy Council, lauded the accord as "the most important diplomatic achievement of the Clinton administration." American friends of mine, who work with a non-governmental organization (NGO) that is promoting the exchange of personnel with North Korea, are planning to perform a Disneyland ice show in Pyongyang. They said: "The normalization of relations with China began with a table tennis game, but the normalization of relations with North Korea will begin with a skating show."

Many Americans Are Cautious About Nuclear Accord

Many Americans are cautious about the nuclear accord reached between the United States and North Korea. Former Secretary of State George Schultz, whom I have often met in New York, criticized it, saying: "North Korea's promise to forsake its nuclear development is unclear and it takes too many years to implement the nuclear accord."

It will take 10 years to build a nuclear power plant and the third-stage project is too functional and small. Such points may become important issues. Few experts believe that the present political system in North Korea will continue in the intervening years. North Korea's economy is now on the verge of bankruptcy and this will

stand in the way of everything North Korea intends to do. Among other things, it is not easy to dispel the existing distrust between the two Koreas. What bogged down the latest round of U.S.-North Korea talks was the resumption of stalled inter-Korea dialogue.

The Clinton administration, which was aware fully of these issues, sought to settle the North Korean nuclear problem through negotiations with that country. The Clinton administration strongly hoped to avoid imposing economic sanctions and taking military action against North Korea. Shortly after the stalled U.S.-North Korea talks resumed, thanks to "civil diplomacy" former President Carter conducted at a time when the United Nations was close to slapping economic sanctions on North Korea, a high-ranking U.S. Government official confided to an influential Japanese politician: "Economic sanctions will be followed by military action. In the United States, which is increasingly looking inward, neither the administration nor the people believe that the United States can take military actions against North Korea." A Japanese diplomat, who has been involved in Japan's policy coordination with the United States and South Korea, said: "The United States tried hard to avoid taking a hard-line posture that would have forcibly pressured North Korea into relenting on the nuclear issue. I felt the United States moved only after being nudged by Japan and South Korea. And I even worried sometimes whether it was safe for the U.S. to take such a soft stance on North Korea."

Diplomacy Grouping for Post-Cold War

The North Korean nuclear issue reflected the difficulties facing the U.S. diplomatic effort in the post-Cold War era.

With the end of the Cold War, the American people feel little threat from a faraway country like North Korea. They reacted quickly, however, to the threat posed by Haitian refugees.

A small nuclear threat is developing now that the big nuclear threat from the former Soviet Union has disappeared. The United States has to deal with this small nuclear threat case-by-case. The NEW YORK TIMES asserted that the accord reached between the United States and North Korea should become a text book case on how to deal with the issue of nuclear proliferation in the future. Nonetheless, the United States would not use the issue of energy supply as leverage in talks with oil-producing nations such as Iran and Iraq, which are also suspected of developing nuclear weapons.

The United States needed to rely on the United Nations and other international organizations in dealing with the North Korean nuclear issue and this need has led Washington to take a soft stance on North Korea. The role of "world policeman" which has been taken on by the United States has fueled complaints at home. The United States has been forced to seek multilateral nuclear talks and ask other nations to shoulder the costs

of projects because of its heavy fiscal deficit. Also, the United States could not ignore China's opposition to economic sanctions against North Korea because the Beijing has the power of veto in the UN Security Council.

Fears that North Korea's possession of nuclear arms would lead Japan, South Korea and Taiwan to develop their own nuclear weapons, prompted the United States to move toward settling the North Korean nuclear issue. Selig Harrison, a senior researcher at the Carnegie International Peace Foundation, said: "The most important point in the accord is that it will keep political forces in Japan from backing a nuclear option." His view is shared by many officials in the U.S. Government, although they are not speaking about their support for the view.

The United States is looking at Japan differently after the Japan-U.S. alliance changed qualitatively following the end of the Cold War.

Talks Among Japan, U.S. and South Korea Deepen

A South Korean foreign service official, however, pointed out there was an "important byproduct" of the 16-month U.S.-North Korea negotiations.

"Policy consultations among three nations—Japan, the United States and South Korea—have been deepened. These deepened policy consultations will make it possible for the three nations to create a framework for multilateral talks on regional security."

was a Chinese diplomat who said: "The word crisis implies both crisis and opportunity."

MOFA Cautious About Sending Delegation to DPRK

OW2610135094 Tokyo MAINICHI SHIMBUN in Japanese 26 Oct 94 Morning Edition p 2

[FBIS Translated Text] Speaking before the House of Representatives' Security Committee on 25 October about a plan by the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger] to send a delegation of the three ruling parties to the DPRK (North Korea), Yohei Kono, deputy prime minister and foreign minister, said: "There have been instances of dietmen performing diplomatic roles in attempts to create favorable conditions (for normalization of relations) in the past, and there may be more of them in the future. But there are various problems (for one, Kim Chong-il is not fully in power yet). We must think things through thoroughly." He made this statement in reply to a question by Taku Yamazaki of the LDP.

Kunihiko Saito, administrative vice minister of foreign affairs, in a news conference on 24 October also expressed the Ministry of Foreign Affairs' [MOFA] cautious stand, saying, "(the dispatch of a mission to North Korea) can be useful sometimes, and not useful at other times."

The ruling parties are now considering sending a mission to North Korea around the middle of November. What the MOFA is concerned about now is that, if such a mission is sent, the mission might end up reconfirming what was announced in the so-called joint declaration of three parties—the LDP, the SDPJ, and the Workers' Party of Korea—in September 1990 [when a mission of the LDP and the SDPJ visited North Korea], thus once again touching on the post-war "indemnity" issue as referred to in that joint statement. The government takes the position that Japan cannot pay indemnity or compensation, and MOFA has insisted that when a mission is sent to North Korea, the ministry and the mission should have full consultations with each other in advance.

Yutaka Kawashima, director of the MOFA Asian Affairs Bureau, in his own testimony before the lower house committee in reply to a question on the resumption of talks with North Korea, said: "We will unconditionally agree to resumption of the talks, but if North Korea attaches conditions, and demands, for instance, that the Yi Un-hye question not be taken up or that nuclear issues should not be brought up, then we cannot agree to such talks." Thus, he indicated that the government will be flexible in resuming the negotiations, but it will not resume the talks if the North Koreans attach any conditions to them.

In reply to questions on Japan providing assistance on installing light-water nuclear reactors, and North Korea's right to make claims against Japan [for war reparations], Director Kawashima also said: "The claims right issue is something that concerns the Japanese occupation of the Korean peninsula in the past, and is of a somewhat different nature than the issue which concerns assistance on the light-water reactors, which will come as part of an international framework to resolve the nuclear issue. The resolution of the two issues will be discussed in the course of negotiations for normalization of relations, but there are uncertain elements in them. I cannot talk unequivocally about them."

LDP Official Urges Improved Ties With DPRK

OW2710125794 Tokyo SANKEI SHIMBUN in Japanese 26 Oct 94 Morning Edition p 2

[FBIS Translated Text] With regard to assistance to DPRK's light-water reactor conversion program, Koichi Kato, chairman of the Liberal Democratic Party [LDP] Policy Research Council, said on 25 October: "Mutual visits must be made by key persons of both countries to frankly exchange their views on each other's energy and defense policies. This is Japan's minimum requirement for supporting the light-water reactor construction project. If this is not fulfilled, domestic atmosphere in favor of assistance will not be created." He thus gave his view that Japan's financial cooperation requires a certain improvement of the bilateral relations, such as resuming stalled Japan-DPRK talks.

Possible Problems Seen in DPRK Financial Aid

*OW2710110794 Tokyo ASAHI SHIMBUN in Japanese
24 Oct 94 Morning Edition p 1*

[Article by Eiichiro Suganuma, of the ASAHI SHIMBUN Political Department; third and last in series entitled "Is the Korean Peninsula About To Enter a New Era?"; this installment entitled "Building a Consensus on Financial Assistance Is the Problem"]

[FBIS Translated Text] Prior to the resumption of the U.S.-DPRK (North Korea) high-level talks, Robert Gallucci, U.S. ambassador in charge of North Korea's nuclear issue, had a secret meeting with officials from the three ruling coalition parties who are in charge of foreign and defense policies at a Tokyo hotel near the Diet building on the evening of 13 October. In the meeting, Taku Yamazaki, representative of the Liberal Democratic Party's [LDP] Asian Security Research Group, told Gallucci: "Japan will bear an appropriate amount of funds for the light-water reactor conversion program. However, those funds must be regarded as a part of the "compensation" that will be discussed in Japan-DPRK negotiations. I would like you to tell this to North Korea without fail." Gallucci replied: "I understand your request."

Later, Yamazaki was informed by an official concerned that North Korea was against Japan's view as explained by Gallucci in consultations.

Japan Is Ready To Bear \$1 Billion

Following the U.S.-DPRK accord, Japan needs to concentrate its efforts on two tasks. One is to build the national consensus on its financial assistance for the light-water reactor construction projects. The other is how to normalize relations with the DPRK—the only pending postwar issue in Japan's foreign relations. It is said that the construction projects for light-water reactors will require \$4 billion (about 400 billion yen). The funds will be borne by those countries that will participate in an international consortium to be established. Japan and the ROK will bear the most expenses. The government believes that Japan may provide "20-30 percent of the funds" (according to a senior Finance Ministry official). The government seems to be prepared to provide about \$1 billion (about 100 billion yen) in aid, including aid for substitute energy.

However, it is not easy to form a consensus on such an enormous amount of money. In their constituencies, not a few politicians were perplexed by the voters' simple question: "Why must Japan give financial assistance to North Korea, a country with which we do not have diplomatic relations?" In considering such a strained domestic mood, Yohei Kono, deputy prime minister and foreign minister, has stressed that financing is necessary "not to support the DPRK but to eliminate the suspicion of nuclear programs."

The government has not clearly expressed its stand on the question of whether these expenses will be included in the "compensation" for the DPRK's suffering due to Japan's past activities. The Foreign Affairs Ministry wants to leave the possibility open for this financial aid to be regarded as "front-loaded economic assistance" in case Japan and the DPRK reach an agreement to reopen normalization talks.

A Memory of Being Left Out

Some LDP officials have already voiced their opposition [to providing financial aid to the DPRK], saying: "It would create a bad precedent to yield to the DPRK's nuclear threat, and to accept U.S. demands for financial assistance" (according to a former cabinet member). Yamazaki told Gallucci: "First of all, we need to clearly express that this financial assistance must be counted as money Japan will pay to the DPRK after bilateral relations are normalized. Otherwise, North Korea will take advantage of Japan in future talks."

Lately, the Japanese Government has begun to be growingly concerned about the Japan-DPRK negotiations that have been stalled since November 1992. Although some Americans have criticized the DPRK's handling of the human rights issue, it is likely that the two nations will exchange liaison offices as early as next spring. An atmosphere favoring the normalization of bilateral relations is quickly being created between the United States and North Korea. This brings to government leaders' minds a bitter memory of the United States and PRC suddenly announcing the normalization of relations in 1972 without informing Japan.

If Japan, which is now the second largest economic power, also intends to assume political leadership in the Asian-Pacific region in the post Cold War era, normalization of Japan-DPRK relations is a prerequisite. In other words, stabilizing the situation on the Korean peninsula is essential to Japan's security. It is not good that Japan will reopen talks with the DPRK, ignoring the fact that prospects for inter-Korean dialogue remain uncertain. The Murayama Cabinet seems to be in a growing dilemma.

Japan Needs a "Guide" Even for Talks With a Neighboring Country

In the U.S.-DPRK agreement, the United States clearly gave priority to fulfilling its tactical goal of freezing the DPRK's nuclear arms development program over eliminating its "past" suspicion, which Japan and the ROK demanded. Such a U.S. stand can be interpreted as a desire to hastily form a great framework for Asian-Pacific security in the post Cold War era, while maintaining the Nuclear Nonproliferation Treaty (NPT) and its influence as the only superpower.

Although the DPRK is a neighboring country, Japan seems to need U.S. "guidance" to resume bilateral

normalization talks. Will Japan ever form its own ideas to settle pending issues concerning neighboring nations and the region?

Editorial Views Japan, ROK Role in DPRK Aid

OW2610121794 Tokyo TOKYO SHIMBUN in Japanese 24 Oct 94 Morning Edition p 5

[Editorial: "Japan and ROK Should Have Say in Light-Water Reactor Aid to the DPRK"]

[FBIS Translated Text] With the conclusion and effectuation of the U.S.-DPRK accord, moves toward the denuclearization of the Korean peninsula are gaining momentum in a concrete way. Japan and South Korea must take an important role in easing tensions and stabilizing the situation in northeast Asia.

The agreement the United States and North Korea signed in Geneva is designed to clear up suspicion about North Korea's nuclear development. The signing ceremony was held in a modest mood in a room decorated with small national flags from the two nations. However, as First Vice Foreign Minister Kang Sok-chu, who represented North Korea, said, "The accord has historic importance."

One element of its significance is that under the accord, North Korea's nuclear development program is to be suspended. Another element of significance is that relations between the United States and North Korea, which have been hostile since the Korean War, are to improve. The two nations have succeeded at last in making the first step in creating a new order on the Korean peninsula, which has been regarded as a fossil of the East-West Cold War.

The highlight of the accord is that, in exchange for North Korea's efforts to dispel sweeping suspicion about its past and current nuclear development activities, the United States will cooperate in building two light-water reactors (1 million kilowatts each) by the year 2003, which are not suitable for extracting materials needed for producing nuclear weapons, and will supply 500,000 tons of crude oil a year as substitute energy until the reactors are constructed. It is also specified in the accord that liaison offices will be set up in Washington and Pyongyang, and that "ambassador-level" exchanges will be made in the future.

What concerns us that the United States attached importance to the prevention of future nuclear development by North Korea, thus shelving the issue of clarifying past and current nuclear activities of the DPRK. The accord also stipulates: 1) North Korea will allow inspections two sites suspected of reprocessing radioactive materials; and 2) used nuclear fuel rods, from which plutonium can be easily extracted, will be transferred to a third country. But these two points will not be implemented until one light-water reactor is built, and this will take about five or six years.

Shelving the issue of clarifying current nuclear activities may pose a serious threat to both Japan and South Korea, which are adjacent to North Korea. For that reason, Tokyo and Seoul have been calling for "special inspections" to undeclared sites.

In carrying out the accord, the United States has called on Japan and South Korea to bear most of the funding needed for building light-water reactors. The U.S. Government plans to form a consortium to raise the funds needed for the construction of reactors and the supply of crude oil. But the financial burden is heavy because it is estimated that the construction of two light-water reactors will cost approximately \$4 billion, and the supply of crude oil will cost \$2 billion.

It is difficult to understand that the United States will only serve as a point of contact for negotiations with North Korea. Both Japan and South Korea plan to make due contribution in raising funds, declaring part of their contributions as expenses for ensuring security. By taking advantage of this opportunity, the two nations should have a greater say in aid to the DPRK, in addition to their financial contributions.

It is stipulated in the four principles of Japan's Official Development Assistance (ODA) that "full attention should be paid to aid recipient countries' trends in military expenditures and the development, manufacture, and import and export of weapons of mass destruction and missiles." Thus, the principles are that this attention should come before the extension of aid to developing countries, including the DPRK.

In the situation of the North-South confrontation, North Korea has given top priority to maintaining and strengthening its military capacity. Its arms exports and test-firing of a long-range missile are still fresh in our memory. Concerned nations should call on North Korea to heighten transparency of its national finances and armaments.

Moreover, North Korea, as long as it receives aid, needs to clear up suspicion about the oppression of human rights and its involvement in terrorist outrages. Otherwise, the people of both Japan and South Korea will not be convinced of the governments' plan to extend aid to the DPRK. It should never happen that our support is used for the maintenance and the strengthening of the closed-nature of North Korea's political system.

On the other hand, improving North-South relations is a prerequisite for the stability of the Korean peninsula. The accord calls on "North Korea to start a dialogue with South Korea." North-South relations have become chilly with Pyongyang increasing its criticism of Seoul. We hope that North Korea will take the sincere approach in seeking reconciliation.

Tokyo, Moscow Defense Chiefs To Initiate Talks

OW2710111694 Tokyo KYODO in English 1947 GMT 27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Japanese and Russian defense chiefs plan to meet for the

first time ever in January 1995 to promote dialogue on security measures, senior Japanese defense sources said Thursday [27 October].

Japanese Defense Agency Director General Tokuichiro Tamazawa is expected to visit Russia to meet Defense Minister Pavel S. Grachev. Naoaki Murata, director general of the agency's Defense Policy Bureau, will go to Moscow in mid-November to make preparations, they said.

The state minister is likely to tell Grachev that the two countries can construct relations of trust although Japan had seen Russia as possible threat in the past, they said. He will propose that Tokyo and Moscow promote security dialogue and defense exchange, and jointly contribute to foster Asian peace through such means as studying how to deal with North Korea, the sources said. He also hopes to exchange opinions on a landmark nuclear agreement that the United States and North Korea signed earlier this month.

Tamazawa, however, is unlikely to discuss concrete nuclear issues concerning North Korea, China or Russia because the meeting primarily aims at building bilateral trust. If the talks succeed, the Defense Agency will consider having the two countries' fleets call each other, and Japan's Self-Defense Forces and Russia's military forces may carry out joint maneuvers in the future, the sources said.

The groundbreaking meeting of Japanese and Russian defense chiefs may have some influence on Asia's entire regional security in the post-Cold War era, analysts said.

Mitsui To Build Vinyl Resin Plant in SRV

OW2710025794 Tokyo KYODO in English 0219 GMT 27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Mitsui Toatsu Chemicals Inc. and Mitsui and Co. plan to produce vinyl chloride resins in Vietnam in collaboration with two local partners starting in 1997, a spokesman for Mitsui Toatsu said Thursday [27 October].

The 7.5 billion yen project calls for construction of a factory capable of producing 600,000 tons of vinyl chloride resins a year in the suburbs of Ho Chi Minh City, he said. But the spokesman said other details have yet to be finalized.

The project involving the two Vietnamese firms—Fertilizer and Basic Chemicals Corp. and Vietnam Plastic Corp.—will be the first major petrochemical project in Vietnam.

Vinyl chloride resins are used for a variety of industrial goods ranging from water pipes to containers. Demand for such resins in Vietnam was estimated at some 35,000 tons last year, and is expected to grow swiftly in line with economic reforms there.

Tokyo Contemplating Establishment of 'NSC'

OW2610131494 Tokyo SANKEI SHIMBUN in Japanese 21 Oct 94 Morning Edition p 1

[FBIS Translated Text] The government has decided to conduct a fundamental review of the security and crisis management system of the Prime Minister's Office, taking into consideration possible international events such as another Gulf war or an armed clash on the Korean peninsula. Specifically, it has begun to study the possibility of setting up a new body equivalent to the National Security Council [NSC] of the United States. It is also considering turning the Cabinet Joint Information Conference [naikaku godo joho kaigi], which is the government's highest-level—albeit informal—information exchange conference, into a permanent body, while strengthening its information analysis capabilities.

Discussions on the concept of having a Japanese-version NSC have started within the government because the existing Security Council of Japan [anzen hoshu kaigi] (chaired by Prime Minister Tomiichi Murayama) has tended to be an instrument of simply approving ex post facto the security and defense policies decided on by the Ministry of Foreign Affairs [MOFA] or the Defense Agency. Besides, the government thinks the Security Affairs Office under the Prime Minister's Office, which serves as the secretariat of the existing Security Council, lacks the capabilities to draft policies on its own, and is considered inadequate for coping with national crisis situations.

Alarmed by the fact that bureaucratic factionalism makes it impossible for necessary information to flow into the Prime Minister's Office, Deputy Chief Cabinet Secretary Nobuo Ishihara is also said to have called for a review on the crisis management system as part of a program to strengthen the functions of the cabinet. In late September, government officials were sent to Washington to exchange information with U.S. NSC secretariat staff members. The NSC secretariat, for which Henry Kissinger, former assistant to President Nixon, once worked, performs the function of selecting good concepts of crisis management from among those proposed by the State Department, the Defense Department, and private-sector think tanks, and then presenting them to the President.

The general idea in reviewing the system is to have a Japanese-version NSC carry out the functions of providing advice to the prime minister as the U.S. NSC does for the President. Toward this goal, the prime minister's Safety Affairs Office will be reorganized and strengthened so that it can approximate the NSC secretariat.

On the other hand, the Cabinet Joint Information Conference, which now meets twice a month in the Prime Minister's Office, will be reorganized into a permanent body which will report to the prime minister on domestic and foreign situations when requested by him. The

conference is now headed by Deputy Chief Cabinet Secretary Ishihara, and includes as its members the director of MOFA's Information Analysis, Research and Planning Bureau, the director of the Defense Agency's Defense Policy Bureau, and the director of the National Police Agency's Security Bureau. The existing Cabinet Information Research Office will be reinforced and strengthened to act as the secretariat for the conference, and to conduct information analysis as is done in such advanced nations as the United States, and European countries.

Feasibility Study for New Liberal Party Planned

OW2610135794 Tokyo KYODO in English 1327 GMT 26 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 26 KYODO—Fourteen ruling and opposition legislators are preparing to form an interparty panel by mid-November to study the feasibility of establishing a new "liberal" party, the lawmakers said Wednesday [26 October].

The participants from the ruling camp are six lawmakers of the Social Democratic Party [of Japan] (SDP) [SDPJ] and one from New Party Sakigake [Harbinger], they said. Four members of the Japan New Party (JNP) and three of the Democratic Social Party (DSP) joined from the opposition camp.

The four JNP members formed the House of Representatives group New Democratic Club in late September, without participating in the joint opposition parliamentary bloc Kaikaku (Renovation).

Banri Kaieda of the New Democratic Club told a meeting at a Tokyo hotel Tuesday night that the participants should seek to form a "third" liberal force other than the Liberal Democratic Party (LDP)—the largest component in the three-party coalition—and a united opposition party planned by Kaikaku to be established in December, several participants said.

The six SDP participants belong to Shin Minshu Rengo, an SDPJ intraparty group of right-wing and centrist members.

*** Lack of Stable Base for 'New-New Party' Seen**

942A0703A Tokyo GENDAI in Japanese Oct 94 pp 84-87

[Article by Takao Iwami, MAINICH SHIMBUN editorial consultant: "The 'New-New Party'—A Plan Without Spirit"]

[FBIS Translated Text] Four Conditions for Forming New-New Party

A day never passes without seeing in print the term "new-new party" planned by the opposition camp. However, despite the double use of the word "new," the term has become somewhat less vivid. This is because there are repeated calls, but the plan lacks specificity.

Let me refer to why the compound word "new-new" is used. In summer last year [1993], Liberal Democratic Party [LDP] breakaway factions formed new parties one after another such as Shinseito [Japan Renewal Party] and Sakigake [Harbinger], and the Japan New Party [JNP] inaugurated the year before last also joined hands with them to form the Hosokawa coalition regime. This period until the birth of the Hosokawa coalition regime is considered the first new party era. Based on this new party era, the current plan envisages the second broader-scale new party. This is why the word "new-new" is used in the naming of the planned new party. But the word is felt to be quite ambiguous.

At any rate, the attempt to form a "new-new" party has been continued by all possible means among former ruling coalition parties for about one year since the inauguration of the Hosokawa regime. However, far from reaching any easy agreement, those parties contrarily moved toward the disruption of their camp: Sakigake made Hosokawa's resignation an occasion to fall away from the camp; and all members of the Social Democratic Party of Japan [SDPJ] seceded from the camp in a furor created when the Hata regime emerged, over the "Kaishin" unified parliamentary group.

This development is not ascribable to a single factor. The major reason is said to be a backlash against a high-handed political style used (by Shinseito Secretary General Ichiro Ozawa and Komeito Secretary General Yuichi Ichikawa) under the "Ichi-Ichi" line [for Ichiro Ozawa and Yuichi Ichikawa, noting their closed-door decisionmaking]. The "Ichi-Ichi" initiative was surely displayed too much to tolerate. However, this is not the only reason.

There are a number of indispensable requirements for two or more political parties to merge into a new large political party. They are: 1) The new party should be in line with the demand of the era and the nation and have a clear view of purposes as a new party. 2) The ideals and fundamental policies of the various parties constituting the new party should be identical in principle. 3) There should be an attractive and competent top leader who can exercise general control over the new party. 4) There should be two or more first-rate fixers who can steer the course toward the merger.

The merger of the conservative forces in 1955 was successful because by and large these four requirements were met, though not completely. As to the fourth requirement in particular, there were an exceptionally skilled elder named Bukichi Miki and his collaborators. At that time, a fierce leadership struggle was conducted between the merging Liberal Party and Democratic Party, but Miki and his followers had the might to block off the struggle.

Who Should Be Installed as First Party Head

This time, too, a leadership struggle has already begun among parties such as Shinseito, Komeito, the JNP, and

the Democratic Socialist Party [DSP] and other LDP breakaway factions (Liberal Party, Koshikai, New Party Mirai, and former Kaikaku no Kai). The struggle has been gradually assuming a complicated free-for-all aspect. However, we can see no fixer comparable to Bukichi Miki.

Ichiro Ozawa, regarded as the leading actor in political restructuring, displayed his role as a good fixer until the formation of the Hosokawa regime, but since then, his presence contrarily began to produce a unity-disturbing effect. Toward the end of July, while visiting the United States, Ozawa made a magnificent gesture, saying that "I will make a really large new party," touching off a backlash as a result. His insensibility was criticized all the more because he made the remark after tendering his resignation as Shinseito secretary general to assume the responsibility for yielding power.

However, a voice calling for Ozawa's return to active involvement heightened among young Shinseito members, and a decision was recently made to retain him as secretary general, presumably on the basis of a conclusion that "the 'new-new party' may be impossible without Ozawa..." Whether this decision will lead to a favorable result is hard to predict.

When asked about the aforementioned third requirement, that is, about who will become the first head of the "new-new party," at an interview given during his visit to the United States, he also made the following remarks: "There are now three persons who have the experience of serving as prime minister—(Toshiki) Kaifu, (Tsutomu) Hata, and (Morihiro) Hosokawa. In addition, there are Koemitsu's (Koshiro) Ishida and the DSP's (Takashi) Yonezawa, bringing the total to five. From a common sense standpoint, the head will be selected from among these five persons."

According to his way of expression, he seems to make no particular distinction among the five for the time being. In a sense, he might be implying that there is no exceedingly strong leader, and so we somewhat feel uneasy about the third requirement.

At the time of the merger of the conservative forces, there was a person named Ichiro Hatoyama who was richly endowed with symbolic features which were attractive if not powerful. Hatoyama thus took office as the first prime minister and party president.

This time, Ozawa said that there were "five persons from a common sense standpoint," but he must have said so out of regard for the feelings of Komeito and the DSP, and we should rather suppose in the name of common sense that Kaifu, Hata, or Hosokawa will become the head. However, it is difficult to pick one out of the three.

Hata is Shinseito's head and Hosokawa the JNP's, while Kaifu, the representative of Jiyu Reform Alliance [Jiyu Kaikaku Rengo], a group of those who seceded from the LDP. Hata holds the unquestioned lead in terms of the

number of Diet members belonging to his party. However, Kaifu is the others' senior in terms of experience as prime minister, and he has a record of having once announced himself as an opposition candidate for prime minister in rivalry with Prime Minister Tomiichi Murayama.

A source (a leading Shinseito member) says: "Please settle it between you two." This describes the position of Hosokawa who is poised to give way to the other two. However, Kaifu and Hata are playing at a delicate tug of war. We may say Kaifu has a slight edge in terms of seniority, but he does not necessarily have full control over the 22 members of his group of party defectors. On the other hand, Hata still feels vexed at being thrown out after only two months in power, and so he will not easily give way this time. If a decision is made to install 'Kaifu as party head,' Hata might reject it even if Ozawa tries to make adjustments."

As is indicated by this remark, the internal situation is complicated.

Intricate Ulterior Designs of Respective Parties

To begin with, Kaifu, Hata, and Hosokawa had their first meeting on 25 July and agreed to rally forces toward the "new-new party." However, the meeting ended with simply creating a kind of mood. A meeting of five leaders through the participation of Ishida and Yonezawa was held on 8 August, and a decision was made to set up the 'New Party Conference' in early September. However, there was an incident with regard to this name. That is, the initially planned name of the "New Party Preparatory Committee" was opposed by the DSP, etc., resulting in the change of the term "preparatory committee" to "conference." The opposers resisted the use of the term "preparatory committee," fearing that it might give the impression that the "new-new party" would be formed expeditiously.

Everybody says that "it should be formed as soon as possible, within this year if possible," but no decision is reached when concrete procedures are brought up. This is because each party has different ulterior designs, and the JNP and the DSP in particular are strongly wary of any development which may bring the leadership into the hands of Shinseito and Komeito.

On 21 August, when these groups assembled at Nagoya to attend a large rally to prepare for an upper house reelection in the Aichi electoral district (voting on 21 September), Hata and Ishida also made the following appeal: "We will wrap up our work in August and, beginning in September, we will make an appeal to the people for support by showing specifically what kind of party we intend to make. If we win in this election, there will be created a large tide toward a new party."

In contrast, DSP Secretary General Kansei Nakano did not care to say a word about the issue of rallying their forces, although he sternly criticized the LDP-SDPJ

coalition as follows: "The Murayama cabinet is a product in which political colluders who have the experience of serving as chairmen of the two parties' diet affairs or administration committees are sticking together out of their prejudiced LDP-SDPJ mentality."

Moreover, returning to the subject of requirements for a new party, misgivings also remain as to the identity of ideals and fundamental policies mentioned in the second requirement. We can evidently see different inclinations between Kaifu, who persistently pursued a dovish line within the LDP as a close aide to Takeo Miki, and Ozawa, who intends to push ahead with the "normal nation" line with a strong hawkish tinge. In this respect, Kaifu says: "During the Gulf war period, I had very many talks with Mr. Ozawa with a tense feeling. In the future as well, in handling things we will give thought to what limits Japan can bridge from its position for international cooperation, surmounting its one-nation pacifism and one-nation prosperity."

However, in forming a new party, they are asked to reach a general agreement on fundamental nation-building ideals in addition to their separate responsive measures. In the aforementioned meeting of the five leaders, an agreement was reportedly reached to put up the following three items as their new party ideals: 1) the line of international cooperation; 2) promotion of deregulation and repietion of social capital; and 3) peaceful and fair communities and affluent homes.

However, ideals are not such things. There can be no political party that is opposed to these three items, and the current ruling coalition camp of the LDP, SDPJ, and Sakigake, too, is believed to have no objection to the items. Called into question is the political ideology which forms the basis for the three items. For example, on this occasion we are in need of an ideological argument as to whether we have to pursue a "strong Japan" or aim to attain a "moderate, but respected and loved Japan."

Will Things Go at Ozawa's Pace After All?

For the present, sidestepping this basic argument the opposition parties are all engrossed with technical procedures for the building of the new party. If they move toward the formation of the new party without any argument, they may form a party, but the party will lack spirit and tend to be one that has little to do with real political reform.

Nevertheless, the present situation is decisively different from the time when conservative forces were merged in that a new election system is to be introduced. A redistricting bill which will create 300 small constituencies for the lower house election is expected to pass at an extraordinary Diet session to open in late September, thereby capping the work for a new system which combines the small constituency formula with proportional representation.

Because this new one is a single-seat constituency system, medium and small political parties have no alternative but to merge with the large "new-new party" for their survival. Each party has its own history, circumstances, and strategy, and so the merge will not progress impetuously; yet, in order for each Diet member to win and survive in the next election, he or she has no choice but to join a big party after all.

A system-originated pressure is put on these parties, thereby leading them toward the new-new party whether they like it or not. In this sense, it may be said that the new election system itself is the most powerful fixer.

At the interview he had during his U.S. visit, Ozawa said: "We are no longer at a stage where we can wield the nameplates of our respective parties like Shinseito or any others. What matters above all is to fight it out and win under the new election system. I am the only one who has the experience of working out election measures on a nationwide level. If there is any other man who can do the work, I would like to entrust the task to him."

Ozawa thus stressed that, on the supposition of the "new-new party," a setup for the election was already being organized under his direction and that he had self-confidence in the new party. Therefore, as the next general election draws near, there is a strong possibility that the tide toward the "new-new party" will sharply increase its speed and that at the same time the move to build a new party will tend to adjust itself to the pace of Ozawa.

In such a case, the question is to what extent the Ozawa allergy within the opposition camp will act as an impediment. Whatever name it may adopt, the "new-new party" will be inaugurated sooner or later. However, whether a powerful new party with durability and stability will emerge or not is a matter concerned with the way it is produced now.

SDPJ Faction Agrees To Form New Party

*OW2610152894 Tokyo KYODO in English 1452 GMT
26 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 26 KYODO—A group of right-wing and centrist lawmakers of Prime Minister Tomiichi Murayama's Social Democratic Party (SDP [SDPJ]) agreed Wednesday [26 October] night to seek to form a new "liberal" party before unified local elections next spring.

The accord was reached at a meeting of the group, led by former SDP leader Sadao Yamahana, participants said.

"The tempo of political reorganization is quickening," Yamahana told the gathering. "We must move up the timetable for forming a new party."

Yamahana said there are two possible processes leading to the projected new party, advocated by Wataru Kubo, who is the No. 2 man as secretary general.

One is to set up a new parliamentary bloc comprising "social democrats and liberals" ahead of forming the new party, and the other is to establish the new party without going through a parliamentary group, Yamahana said.

The proposed third "liberal" party has surfaced amid moves to create a grand noncommunist opposition party rivaling the three ruling coalition partners, the SDP, the Liberal Democratic Party (LDP) and New Party Sakigake [Harbinger], an LDP splinter group.

Murayama on Idea of SDPJ Forming New Party

*OW2710135994 Tokyo ASAHI SHIMBUN in Japanese
27 Oct 94 Morning Edition p 2*

[FBIS Translated Text] Prime Minister Tomiichi Murayama held talks with Tsuruo Yamaguchi, director general of the Management and Coordination Agency; Koken Nosaka, construction minister; Morishige Goto, chairman of Jichiro [All-Japan Prefectural and Municipal Workers' Union]; and others at the prime minister's official residence on the evening of 26 October. According to attendees, Yamaguchi and the others advised that "the party [the Social Democratic Party of Japan—SDPJ] should study" the "idea of forming a new party," which has been proposed by SDPJ Secretary General Wataru Kubo and the intraparty group "New Democracy Alliance" [NDA]. The prime minister reportedly shared the view. Since discord may be caused within the party if the NDA independently promotes its idea of forming a new party, it is believed that the prime minister and the others intend to restrain the NDA's moves.

SDPJ Begins Drafting Revised Policies for 1995

*OW2710114094 Tokyo KYODO in English 1915 GMT
27 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—A Social Democratic Party [of Japan] (SDP) [SDPJ] panel Thursday [27 October] began drafting its planned "1995 declaration" designed to shift its socialist ideology to a new set of "Social Democratic" tenets, SDPJ officials said.

The panel, headed by SDPJ Secretary General Wataru Kubo, will complete the drafting task by next spring, when nationwide campaigns get under way to elect chiefs of local governments and legislators for city and prefectural assemblies, the officials said.

The declaration places the SDPJ, headed by Prime Minister Tomiichi Murayama, at the core to "put together a third bloc of various political forces to seize the reigns of government in the era of coalition politics," an official said. The declaration will expound such principles as protection of democracy, freedom, fairness, solidarity, human rights and the environment, and puts priority on women.

The party's initial plan called for drafting a "policy platform document" to replace its 1986 platform document, which it calls the "1986 new declaration." However, the original scheme drew a barrage of intraparty criticism for being ill-conceived and rendering it impossible for the party to shed its public image as a longtime, inflexible ideological entity, they said.

The SDPJ decided to label the document as a declaration rather than a formal policy platform. Unlike a formal platform, a declaration need not be put up for a vote among representatives from local branches, who will soon meet for a party convention, and thereby does not run the risk of rejection, political sources said.

SDPJ rules require a two-thirds majority of representatives at a national convention to adopt a set of principles as a common platform.

An official of the drafting committee told reporters that a portion of the new principles will be adopted by a new party of liberals and social democrats from the SDPJ and other political forces as proposed recently by Kubo.

"If the new party were created (by absorbing a certain portion of SDPJ legislators), it should retain at least a fraction of the life of various ideals and policies previously made by the SDPJ" he said.

Election Rules Drafted for Opposition Party

*OW2610142594 Tokyo KYODO in English 1359 GMT
26 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 26 KYODO—An interparty opposition panel preparing for the formation of a new party in December drafted its election rules Wednesday [26 October], opposition sources said.

The election campaign committee of the panel, the new party preparatory conference, decided to ban anyone over 70 years old from running for the planned new party in House of Representatives elections, the sources said.

The preparatory conference, a panel of parliamentary group Kaikaku (Renovation), was formed in late September by most of Japan's opposition parties and groups excluding the Japanese Communist Party.

The group also decided to prohibit the spouses, children, grandchildren or siblings of a Diet member of the planned new party from running for office in the lower house in a lawmaker's constituency immediately after he or she retires or dies, they said.

The measures are apparently aimed at appealing to voters with a fresh image for the yet-unnamed party.

The election committee will propose the plan to the action committee of the conference Friday, along with a proposed list of candidates for the next lower house election under the proportional representation of a new

electoral system expected to be made effective during the current Diet session, the sources said.

The new party is scheduled to be launched Dec. 10 to rival the current ruling coalition government.

*** Political Pressures on LDP, SDPJ Viewed**

952B0004A Tokyo THIS IS YOMIURI in Japanese
Oct 94 pp 54-56

[Article by Taro Yayama, political commentator: "The New Government Has the Pressing Need To Dispel Distrust"]

[FBIS Translated Text] Prime Minister Murayama indicated the policy of passing the redistricting bill this year and, as a result, it has become almost certain that the next election will be held under the small constituency system coupled with proportional representation. On the other hand, the former ruling coalition parties have begun moving toward the formation of a new-new party. There seems to be a difference of expectations among the Democratic Socialist Party [DSP], the Japan New Party [JNP], and the Liberal Democratic Party [LDP] break-away groups regarding leadership after the inauguration of the new-new party. However, the reality indicates that they will be defeated unless they become united in their fight, and in the face of this reality the formation of the new-new party will accelerate in one breath. The former coalition camp has disclosed its plan to "put up candidates in all 300 constituencies" (Ichiro Ozawa).

The former coalition camp needs to adjust the selection of candidates in 47 constituencies, and Komeito is involved in most of these constituencies, necessitating it to make adjustments with, say, Shinseito [Japan Renewal Party] and the JNP. The adjustments within the camp are likely to be made in such a way that Komeito withdraws its candidates. This is because candidates clearly representing Komeito cannot be expected to garner floating votes.

Wind of Dissolution To Blow Hard From End of Year

In the other camp of the LDP and the Social Democratic Party of Japan [SDPJ], there are 115 constituencies in which the two parties must confront each other. The decrease in the fixed number of lower house seats is causing an excess of LDP Diet members, and so candidate adjustments must be made in the LDP in as many as 50 constituencies. These developments are ascribed to both the LDP and the SDPJ having their roots in rural farm areas, and making adjustments between them is not an easy task. Even if adjustments are made successfully, it is doubtful whether SDPJ supporters will readily vote for LDP candidates. If they give up on making adjustments, there will be a triangular contest among the LDP, the SDPJ, and the new-new party, resulting in the extinction of the SDPJ. In addition, the SDPJ bases in large cities such as Tokyo and Osaka are basically weak. There are 97 constituencies in which the former ruling

coalition parties did not put up candidates; however, for the future election, the former coalition camp is reported to have already chosen its candidates in these constituencies. It will begin an active move to consolidate its bases when the redistricting measure is decided this year as planned by Mr. Murayama and the period for publicizing the measure ends. The three parties—the LDP, the SDPJ, and Sakigake [Harbinger]—will be unable to sit idle, only casting a sidelong glance at this move. The wind of dissolution will surely begin blowing hard at the end of this year into the beginning of next year. There is the possibility of holding the general election at the very beginning of next year at the earliest.

A pivotal point at issue in political restructuring will be, in terms of diplomacy, whether we should follow the "normal nation line" called for by Mr. Ichiro Ozawa or the "one-nation pacifism line" envisaged by Mr. Murayama, Mr. Kono, and Mr. Takemura.

Japan's diplomacy laid out by Shigeru Yoshida was later called the Yoshida Doctrine. It is a line of seeking only economic reconstruction with the improvement of military power kept to a minimum. In his work entitled *The World and Japan* published in 1963, Yoshida said that "after national power is recovered, Japan must make appropriate contributions in the military field as well." However, successors to Yoshida thoroughly neglected contributions in the military field on the pretext that the SDPJ pursuing demilitarization and neutrality existed within the country as the leading opposition party. In a way, Japan continued to reject the request for military contributions, affected by many drawn-out shows staged by the LDP's pro-Constitution forces and the SDPJ. Though the Japan-U.S. Security Treaty existed, Takeo Miki advocated neutral diplomacy and Takeo Fukuda, omnidirectional diplomacy. Only Yasuhiro Nakasone exhibited the perception that Japan was "a member of the West camp." Such one-nation pacifism was possible in the era when the two superpowers—the United States and the Soviet Union—were settling the affairs of the world. However, the end of the cold war has given birth to a new international order in which the peace of the world is managed by the United Nations. Under such circumstances, world opinion is rising high in favor of adding Japan and Germany to the list of permanent members of the UN Security Council. Moreover, the possibility of creating a UN military force has surfaced.

A world utterly different from that of the cold war era has thus emerged. Irrespective of such changes and Japan's development into an economic giant, the pro-Constitution forces are clinging to the "Yoshida Doctrine" of the cold war era. Asserting that Japan had better not obtain UN permanent membership because military burdens will be forced upon it if it does, "Sakigake and the SDPJ are going to abandon the "hope to become a permanent member" which the former coalition government already vindicated.

One-Nation Pacifism Stemming From Excessive Ignorance

Masaharu Gotoda and Kiichi Miyazawa advocate the one-nation pacifism, saying that once Japan becomes a military giant, it will be "urged to move further and further" along the military line. They do so because they are excessively ignorant of the changes in the international situation. The existence of nuclear weapons has deterred a major war for as many as 50 years. Democracy, too, is the largest deterrent to war. History has already entered an era that will not be repeated. It has become a universal international value for advanced countries to give developing countries humanitarian, economic, or technical assistance. As to assistance, Japan is prepared to play its role, but peace is indispensable prior to assistance. Its assistance will represent nothing but hypocrisy if it neither contributes to peace nor holds responsibility for it.

Japan's new diplomacy must choose between regarding the creation of peace as its lofty national mission or becoming a hypocrite who offers only money. When I urge Japan to assume the mission, I do not mean that Japan should take over the mission from the United States. What I am urging is that Japan be prepared to sweat and shed its blood.

Can We Poise Ourselves To Move Toward "Small Government"?

A pivotal point at issue in domestic administration is whether we should have a "small government" or a "large government." If we are poised to move toward a small government, we must thoroughly tackle deregulation, administrative reform, and decentralization of power. Basically, the LDP and the SDPJ have thus far obtained votes by defending the established system. A cry for administrative reform and deregulation has been raised for some 12 years since Mr. Doko led [the Second] Ad Hoc Council for the Promotion of Administrative Reform, but the only achievement deserving our attention is something like the privatization of the three public corporations. The system of coalescence among politicians, officials, and businessmen has served to preserve various institutions which in essence should have been liquidated 20 years ago. This system has worsened Japan's economic and social efficiencies and brought pressure upon the livelihood of the people. After the birth of the Mitterrand regime in France in 1981, Mitterrand embarked on the construction of a large government which he had insisted on. However, before the lapse of several years, all of his attempts ended in failure. He was defeated in the face of the policies of competition of Thatcher and Reagan who sought a small government. It is already evident that the large-government line pursued by Italy's center-left government has been failing.

Now is an era when global-scale competition and economic restructuring are in progress. It is impossible for Japan alone to adopt a special system and fully defend

protected industries. When the Hosokawa government announced a 92-item deregulation plan as soon as it started, the LDP's Ryutaro Hashimoto (then chairman of the Policy Affairs Research Council) derided the plan and boasted that "if we were you, we would develop and show a more thorough plan in two months." However, the LDP has not yet provided any deregulation plan. This is because deregulation and administrative reform are nothing but measures to undermine the foundations of the LDP and the SDPJ.

Will the LDP-SDPJ-Sakigake coalition government really be able to respond to the demand of the times in both diplomacy and domestic administration?

North Korea

Hanchongnyon Delegate Visits University, Museum

SK2710103994 Pyongyang KCNA in English 1017
GMT 27 Oct 94

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—Choe Chong-nam, delegate of the South Korean Federation of General Student Councils (Hanchongnyon), visited Kim Chaek University of Technology on October 24.

The delegate went round educational facilities of the university and met members of its student committee.

The members of the student committee showed him diplomas of graduation of Yi Chol-kyu and Han Yong-hyon, who devoted themselves to the struggle for independence and democratization of South Korean society, and Yim Su-kyong, delegate of Chondaehyop [National Council of University Student Representative]. These students had been registered [word indistinct] honorary students of the university. The members of the student committee called upon all the youth and students in the North and the South to wage a valiant struggle to bring earlier national reunification.

The student committee gave Choe Chong-nam a souvenir.

After visiting the university, Choe Chong-nam extended solidarity of kinship of Hanchongnyon to the fellow students of Kim Chaek University of Technology. Meeting with northern students and shouting the slogan "National reunification" together, he has the conviction that national reunification can be accelerated certainly if youth and students rise up in the struggle, he said, shouting "Youth and students must take the lead in achieving national reunification."

He stressed that Hanchongnyon will take the lead in the struggle for national reunification and courageously struggle joining hands with youth and students in the North.

He visited the Korean Central History Museum on October 25.

After the visit, he wrote in the visitor's book that he felt pains seeing the relics exhibition of the South displayed only in pictures, and that he will dynamically struggle for the day of reunification.

Meets With Youths, Students

*SK2610102794 Pyongyang KCNA in English 1012
GMT 26 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 26 (KCNA)—Youths of all walks of life and students in Pyongyang met Tuesday Choe Chong-nam, the delegate of the South Korean Federation of General Student Councils (Hanchongnyon).

Present at the meeting were Yi Kwan-ho of Kim Il-song University who was awarded the degree of associate doctor in his twenties, a young hero and students of universities and colleges and working youths in Pyongyang.

The participants said that their emotional meeting with Choe Jong Nam, the delegate of Hanchongnyon, would be a significant occasion in stimulating the fervor of youth and students in the North, the South and overseas for reunification.

They told the delegate that today our people and young people have been able to change the deep sorrow at the unexpected death of the fatherly leader Comrade Kim Il-song into strength and courage because they have rock-firm will in being guided by the dear leader Comrade Kim Chong-il and the conviction that, led by Comrade Kim Chong-il, respected supreme commander, they are sure to win and the revolutionary cause of chuche will successfully be carried forward to accomplishment.

They said there is nothing impossible to the youth full of vigor when they have the great idea, wise leadership and warm affection of the dear leader Comrade Kim Chong-il, and they renewed their firm determination to devote body and soul to the nationwide struggle for the reunification of the country in the 90's, closely united around respected Supreme Commander Comrade Kim Chong-il." [no opening quotation mark as received]

They extended warm support and encouragement to Hanchongnyon and the entire students of South Korea who are fighting staunchly against the traitorous group of Kim Yong-sam, a human derelict.

Choe Chong-nam said, seeing the enthusiastic looks of youths of all strata and students in the North, he confirmed the tremendous fervor of the youth and students, the wealth and treasures of the nation, for reunification. "Hanchongnyon is fighting to make 1995 the year of reunification," he declared.

When the meeting was over, the participants sang the song "Korea is One," their fervor for reunification rising to a high tide.

South Reunification Group Denounces Security Law

*SK2710103094 Pyongyang KCNA in English 0959
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—The National Alliance for Democracy and Reunification (Chongukyonhap) of South Korea in a declaration on situation on October 25 said that the continued suppression by the present "regime" under the "new security-oriented rule" with the Cold War logic is an act spoiling the peaceful atmosphere created with much difficulty by the DPRK-U.S. talks, according to a radio report from Seoul.

This organization strongly urged the authorities to scrap the [words indistinct] the suppression under the "security-oriented rule" and immediately release the political prisoners.

Members of Chongukyonhap held a protest meeting in Seoul on October 25 demanding the general resignation of the present "cabinet" for big accidents including the breakdown of the Songsu Grand Bridge.

Kim Yong-sam Denounced as 'Flunkeyist Traitor'

*SK2610061994 Pyongyang Radio Pyongyang in Korean
to South Korea 0900 GMT 25 Oct 94*

[Unattributed talk from the "Hour for the Officers and Men of the South Korean Armed Forces" program: "Shameful Case of Slavery"]

[FBIS Translated Text] Officers and men of the South Korean Armed Forces:

Nowadays, new jargon is being circulated in South Korea calling Kim Yong-sam of Chongwadae [presidential offices] a victim of saying "yes, yes," of bending his body, of conducting kisaeng diplomacy, and of searching other's hearts. All these result from his slavery. The expressions are aimed to jeer at and ridicule the behavior of Kim Yong-sam who is currying favor with his master while discarding even the pride of the nation and the dignity of the president for the purpose of staying in power.

All successive rulers of South Korea have been flunkeyist traitors, but there has been no one like the traitor Kim Yong-sam who snuck into Chongwadae under the guise of a civilian government and who is now serving as a slave, bending his body before outside forces.

Up to today, when more than one and a half years have passed since he assumed power, the rascal Kim Yong-sam has completely sold the interests of the country and the nation, depending like a iynx on outside forces without showing any independence [chajusong].

Kim Yong-sam is the following kind of person: If outside forces demand, he will offer anything to them, saying

"yes, yes"; if outside forces just scowl, he will bend his body, holding both of his hands and not knowing what to do.

A meeting of the U.S.-South Korean military committee, which was recently held in the United States, worked out a so-called document stating peace-time operational command over the puppet armed forces, command which so far has been exercised by the commander of the U.S. Forces in South Korea, will be handed over to South Korea in the future. The rascal Kim Yong-sam is clamoring as if they had received back their so-called independent military rights, saying: After 44 years, we will be able to regain operational command, which has been wrested to the United States since the Korean War; we will be able to carry out operational activities independently.

In fact, although it was declared at the meeting, the United States handed over peace-time operational command to the puppets, the meeting definitely decided the command of U.S. forces in South Korea will continue to exercise major functions, including the preparation of operational plans, combined exercises, and early warning. In addition, the meeting stipulated in writing that if the possibility of war increases on the Korean peninsula, the commander of U.S. forces in South Korea will have operational control over the puppet armed forces, and that the size of the Rapid Deployment and Deterrence Troops, which will come from the United States, will be augmented and the time of its deployment will be advanced. This shows the United States is trying to continue to grasp the prerogative of command over the South Korean puppet armed forces under the pretext of a crisis, bringing a large number of aggressive armed forces into South Korea.

This notwithstanding, although he has been wrested the prerogative of military command rights, the traitor Kim Yong-sam is saying he regained the rights. We say this is gibberish uttered by a man engrossed in the habit of slavery.

Also, with the approach of the second session of the third round of the Korea-U.S. talks, we were putting forth a proposal for a package solution to see a basic resolution of the nuclear issue on the Korean peninsula; when the United States also moved to accept the proposal, the rascal Kim Yong-sam, who does not want to see the end of the nuclear issue on the Korean peninsula, made a big fuss, abruptly asking his U.S. masters not to accept our proposal.

His U.S. masters, who knew the weak points of their stooge, availed themselves of this opportunity to hint that South Korea should open the rice market. Then, failing to protest, the rascal accepted the idea, and even stamped his seal to the document demanding the opening of the rice market, saying "yes, yes."

In addition, Kim Yong-sam has also offered other things to his U.S. masters. As his masters admit, the United

States is maintaining its troops in South Korea for its national interests and because of its own necessity.

This notwithstanding, while clamoring on as if the U.S. forces were of any help as regards security, the traitor Kim Yong-sam increased the share of the cost for maintaining the U.S. forces to more than \$3 billion when his masters demanded he increase the spendings for the maintenance of U.S. forces, saying only "yes, yes."

Not long ago, when the United States demanded he purchase U.S.-made weapons and equipment, including Patriot Missiles, while talking about retaliation from the North against sanctions, Kim Yong-sam then accepted the proposal without hesitation.

The United States is not the only country that Kim Yong-sam is serving while saying "yes, yes." Since he assumed power, Kim Yong-sam has not hidden the fact that the rascal is a prostitute serving Japan as well as the United States, clamoring that his regime's diplomacy is based upon diplomacy toward the United States and Japan.

Kim Yong-sam has acquitted Japan of its past crimes of aggression. In accordance with the Japanese reactionaries' request, he has completely lifted the ban on the imports of Japanese goods, and widely opened the door so the decadent Japanese culture can infiltrate.

The flunkeyist, traitorous activities of the traitor Kim Yong-sam, who is servile before the outside forces, have inflicted innumerable disasters upon the South Korean people.

Officers and men of the South Korean Armed Forces:

You should not follow the orders of the rascals of the Kim Yong-sam ring, while looking squarely at the felonies committed by the rascals which have turned South Korea into a country of subordination for ages to come, where the outside forces are holding sway; a graveyard of democracy where fascism is rampant; a site of confrontation between the South and North, which reeks of gunpowder; and a living hell of people where all kinds of social evils are prevalent.

If you, officers and men of the South Korean Armed Forces, should share the fate with the flunkeyist, traitorous Kim Yong-sam, you will only bring ruin on yourselves.

Literature in South Mourns Kim Il-song's Death

*SK2710042994 Pyongyang KCNA in English 0418
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—Copies of a literature in the name of the "Society of Patriotic Youth for Reunification" were scattered in Yongdo District, Pusan, South Korea, on the hundredth day after the death of President Kim Il-song, the father of the nation, according to a report of Radio "Voice of National Salvation" from Seoul.

The literature said:

President Kim Il-song was a legendary hero produced by our nation and the sun of salvation for all peoples.

President Kim Il-song passed away to our sorrow, not seeing national reunification, while making tireless efforts to save our nation and reunify the divided nation.

It is the obligation of us all, members of the nation, to honour the memory of President Kim Il-song and praise his feats on the hundredth day after his death.

Let us pledge ourselves to fulfill the teachings of President Kim Il-song, upholding the great leader of our nation General Kim Chong-il.

King Sihanouk of Cambodia Hails Geneva Accord

*SK2610043294 Pyongyang KCNA in English 0424
GMT 26 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 26 (KCNA)—Norodom Sihanouk, king of Cambodia, on October 24 sent a letter to the Korean ambassador to his country expressing his support to the agreed framework between the Democratic People's Republic of Korea and the United States.

The letter most warmly congratulates his excellency Marshal Kim Chong-il, the most respected supreme leader of the Korean people and nation, on the agreed framework signed between the DPRK and the U.S. on October 21.

The signing of the agreed framework is a historic victory of the DPRK which is wisely led by his excellency respected supreme leader, says the letter.

Beijing University Delegation Departs Pyongyang

*SK2610070494 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 22 Oct 94*

[FBIS Translated Text] A delegation of the PRC's Beijing University, led by (Chen Chaowan), returned home by plane on 22 October.

Party, Others Lay Wreaths in CPV Cemetery

*SK2710104694 Pyongyang Korean Central
Broadcasting Network in Korean 1100 GMT 25 Oct 94*

[FBIS Translated Text] Pyongyang municipal party, power organs, and administrative and economic organs; party, power organ, and administrative and economic organ in Hyongjesan District in Pyongyang; and units of the Korean People's Army on 25 October laid wreaths in the cemetery of fallen Chinese People's Volunteers [CPV] fighters in Hyongjesan District.

In the meantime, wreaths were also laid in the friendship towers and cemeteries of fallen CPV fighters in local areas.

PRC Friendship Delegation Departs Pyongyang

*SK2710100994 Pyongyang Korean Central
Broadcasting Network in Korean 1100 GMT 25 Oct 94*

[FBIS Translated Text] A delegation of the Chinese People's Association for Friendship with Foreign Countries and the China-Korea Friendship Association led by Bai Ma, vice governor of Qinghai Provincial People's Government and chairman of the Qinghai Provincial People's Association for Friendship with Foreign Countries, left Pyongyang by plane on 25 October.

The delegation was seen off at the airport by Chon Yon-ok, vice chairman of the Committee for Cultural Relations with Foreign Countries and vice chairman of the Central Committee of Korea-China Friendship Association, and a counselor of the Chinese Embassy in our country.

Vice Premier Chang-chol Meets With Thai Guests

*SK2610103094 Pyongyang KCNA in English 1019
GMT 26 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 26 (KCNA)—Vice-premier Chang Chol met and had a friendly talk with the friendship visiting group of Thailand led by Vidhya Pattapong, deputy prosecutor general of the Supreme Prosecutor's Office of Thailand, at the Mansudae Assembly Hall today.

The head of the group expressed deep condolences again over the death of the great leader President Kim Il-song.

Noting that the Korean people have registered significant achievements in socialist construction, he sincerely hoped that the Korean people will achieve greater success in the revolution and constructive work, remaining loyalty to the guidance of the dear leader Comrade Kim Chong-il.

Belarusian Delegates Bring Gift for Kim Chong-il

*SK2710101194 Pyongyang KCNA in English 1000
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—Dear Comrade Kim Chong-il, the great leader of our party and our people, received a gift from the delegation of the Party of Communists of Belarus.

The gift was handed to an official concerned by Secretary of the Central Committee of the Party A. Lashkevich, head of the delegation, on a visit to Korea.

Meets With Party Secretary Hwang

*SK2610102994 Pyongyang KCNA in English 1016
GMT 26 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 26 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, today met

and had a friendly talk with the delegation of the Party of Communists of Belarus led by Secretary of its Central Committee A. Lashkevich.

The head of the delegation said that they visited Korea around the 100th day after the death of the great leader of the Korean people Comrade Kim Il-song and shared sorrow with the Korean people. He further said:

"Comrade Kim Il-song was the great leader of the Korean people and a veteran recognized by the world as a prominent activist of the international communist movement.

"During our stay in Korea we were deeply impressed by the Korean people who are dynamically building socialism under the wise leadership of the Workers' Party of Korea, smashing all manoeuvres of the imperialists."

Noting that socialism is the future of humankind, he said that the party of communists and people of Belarus are firmly standing on the side of the Workers' Party and people of Korea advocating socialism.

Film Show Celebrates Kazakhstan's National Day

*SK2610043494 Pyongyang KCNA in English 0426
GMT 26 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 26 (KCNA)—The Korean Committee for Cultural Relations With Foreign Countries and the Korea-Kazakhstan Friendship Association arranged a film show in Pyongyang on October 25 on the national day of Kazakhstan.

Present there were Kim Yong-su, vice-chairman of the Committee for Cultural Relations With Foreign Countries and chairman of the Korea-Kazakhstan Friendship Association, and other officials concerned and working people in the city.

The participants appreciated the Korean feature film "The Nation and Destiny" (Part 17).

Gathering With Algerian Embassy Officials Held

*SK2710043694 Pyongyang KCNA in English 0422
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—A friendship gathering was held at the Korea-Algeria Friendship Kang Pansok University of Bereaved Children in Pyongyang on October 26 on the occasion of the 40th anniversary of the start of the revolution in Algeria.

Present there on invitation were Hanafi Oussedik, Algerian ambassador to Korea, and his embassy officials.

Yi Chol-sin, vice-chairman of the Korea-Algeria Friendship Association, officials concerned, teachers and students of the university were on hand.

The participants had a talk in a friendly atmosphere and went round the university.

Cuban Embassy Holds Film Show for Cultural Day

*SK2610043694 Pyongyang KCNA in English 0427
GMT 26 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 26 (KCNA)—The Cuban Ambassador to Korea Jose Ramon Rodriguez Varona hosted a film show at the embassy Tuesday [24 October] on the Cultural Day of Cuba.

Present on invitation were Vice-minister of Culture and Art Kim Chong-ho and other officials concerned.

The participants appreciated a Cuban documentary film.

Pomminnyon Delegate, Overseas Korean Depart

*SK2610063694 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 22 Oct 94*

[FBIS Translated Text] Choe Kwon-kuk, member of the Central Committee of the European Headquarters of the National Alliance for the Country's Reunification [Pomminnyon], and Sin Won-ho, a Korean Canadian, left Pyongyang on 22 October. Functionaries concerned saw them off at the airport.

Groups Abroad Support 10-Point Unity Proposal

*SK2610221294 Pyongyang KCNA in English 1505
GMT 26 Oct 94*

[FBIS Transcribed Text] Pyongyang October 26 (KCNA)—Different countries expressed full support to the proposal for founding the Democratic Confederal Republic of Koryo (DCRK).

The Democratic Youth Union, the National League of Students, the National Youth Organizing Commission and the African Students Union in Ghana published a joint statement on October 4 on the month for support to the proposal for founding the Democratic Confederal Republic of Koryo. [DCRK] The statement said:

The proposal of reunification through confederacy advanced by the great leader President Kim Il-song is a realistic and reasonable one for founding an independent, neutral and unified state through the great unity of the whole nation, leaving the two systems in the North and the South of Korea as they are.

We fully support the DCRK founding proposal and the "10-Point Program of the Great Unity of the Whole Nation for the Reunification on the Country" showing the short-cut to the Korean reunification, the statement said.

On the same occasion, a meeting was held in Burkina Faso on October 14, and lectures and film show in Ghana and Mozambique.

Kwaku Arhinaml, general secretary of the Democratic South Union of Ghana, and David Bamawa, international secretary of the National Youth Organizing Commission of Ghana, said in the lectures that the DCRK founding proposal is the most fair one taking into account the special conditions of Korea where different ideas and systems exist in the North and the South.

Saying that the concrete wall built in the area South of the military demarcation line of the Korean peninsula is an obstacle to the reconciliation and reunification of the nation and a product of the anti-national and anti-reunification policy of the ruling circles of South Korea, they demanded its immediate removal.

Bulletins on North Published in Austria, Mali

*SK2710103594 Pyongyang KCNA in English 1006
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—The Society for the Promotion of the Relations between Austria and the Democratic People's Republic of Korea printed a bulletin on October 12.

The bulletin carries photos showing the revolutionary activities of the great leader President Kim Il-song.

Under the title "People Express Deep Condolences" the bulletin edits a message of condolence to the dear leader Comrade Kim Chong-il sent by the society and articles headlined "His Excellency President Kim Il-song will be immortal in the hearts of progressive humankind", "Solution of the Question of Succession", "20th Anniversary of Establishment of Diplomatic Relations Between Austria and DPRK" and so on.

In the article headlined "His Excellency President Kim Il-song Will be Immortal in the Hearts of Progressive Humankind" the bulletin stresses:

The whole life of His Excellency President Kim Il-song was that of the outstanding leader who made immortal contributions to the cause of human emancipation under the uplifted banner of socialism and independence against imperialism.

His Excellency Kim Chong-il, the outstanding leader of the Workers' Party of Korea and the Korean people and the supreme commander of the Korean People's Army, is standing at the head of the Korean revolution.

The Korean people are stepping up a powerful advance in all fields of the revolution and construction with new courage and confidence in order to resolutely defend the revolutionary feats of the president and exalt them down through generations under the leadership of His Excellency Kim Chong-il.

The Mali-Korea Friendship Association printed a bulletin on October 7 on the 49th anniversary of the foundation of the Workers' Party of Korea.

The bulletin referred to the great exploits performed by the Workers' Party of Korea in the revolution and construction, keeping the socialist principle and emphasized that the WPK would vigorously fight for the independence of the world and the complete victory of socialism.

Ministry Denounces Japan's 'Expansionist Policy'

*SK2710044794 Pyongyang KCNA in English 0439
GMT 27 Oct 94*

["Militarist Remarks of Japanese Cabinet Ministers Attributable to Japanese Government's Expansionist Policy, FM Spokesman"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—A spokesman for the Foreign Ministry [FM] of the Democratic People's Republic of Korea in an interview with KCNA Wednesday [26 October] criticized the recent remarks of a Japanese cabinet minister denying the aggressive nature of the Pacific War.

He told KCNA:

The trade minister of Japan reportedly said on Monday that he was dubious about whether the Pacific War was aggressive or not, causing a great public stir.

This is not the first time such remarks were made by a cabinet minister of Japan. They cannot be considered the opinion of an individual.

This is a reflection of the militarist character of Japan. It clearly proves that Japan has not yet discarded the anachronistic old dream of the Greater East Asia Co-Prosperty Sphere.

The militarist remarks recently made by Japanese cabinet ministers one after another are attributable to the expansionist policy of the Japanese Government authorities who have persistently avoided atoning for their past crimes including the punishment of the criminals of World War II and consistently denied the aggressive nature of the Pacific War, distorting history.

As is known to all, it is a unique method of Japan that one day she says apology for the past and the other day she reverses it.

There is nobody who will be taken in by this third-rate trick of Japan.

Especially, the crafty trick of Japan to justify her past crimes can never work on the Korean people who experienced Japan's brutal aggression and plunder more painfully than anyone else.

While refusing to admit the war of aggression or compensate for it, Japan is imprudently lobbying for a permanent membership in the U.N. Security Council. This is an open mockery of the United Nations and the international community, and we resolutely oppose it.

If Japan continuously resorts to third-rate tricks, she will inevitably meet a failure.

Japan must clearly realise that she had better frankly confess her ulterior intention before the international community and atone for her crimes.

Ex-Japanese Official's Remarks on UNSC Noted

SK2710045094 Pyongyang KCNA in English 0425 GMT 27 Oct 94

["Impudent Remarks of Former Director-General of Japan Defence Agency"]

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—Keisuke Nakanishi, former director-general of the Defence Agency of Japan, contended impudently that "Japan must become a permanent member of the United Nations Security Council [UNSC]," according to a report from Tokyo on Monday.

He claimed unhesitatingly that Japan should occupy a permanent seat of the UNSC and "take the lead in exercising influence for a durable peace."

It is nonsense for Japan, which still refuses to make an honest apology and adequate reparation for the barbaric aggression, looting and slaughter it committed against Korea and other Asian nations in the past, to become a permanent member of the UNSC.

It is preposterous for Japan to eye the permanent seat, having not yet cleared herself of the stain of an "enemy state" in the UN Charter.

Nakanishi cited the "three non-nuclear principles" without legal binding as conditions for Japan's qualification for a permanent member. But those principles are used as a foldscreen concealing Japan's nuclear arming.

His claim to "exercise of influence" is not for peace in the world, but it reveals Japan's design to twist the world round her finger.

Commentary Criticizes Japan's Military Maneuvers

SK2710070994 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 26 Oct 94

[Commentary by Yun Pyong-son: "Dangerous Absurd Remark"]

[FBIS Translated Text] According to a report, when asked whether Japan started the war of aggression against the Asian region at the Diet, the so-called Japanese Minister of International Trade and Industry Ryutaro Hashimoto babbled that he thinks that it is an issue of a subtle circumstance on 24 October. This is in reality an absurd remark denying Japan's aggression against Asia, and it is indeed an intolerable defilement and unforgivable mockery of the Asian people which includes the Korean people.

As long as one is not an idiot, no one can deny the stark historic reality regarding past aggression. The fact that such an absurd remark openly came from the mouth of an incumbent Japanese cabinet member cannot but be regarded as a grave matter. The absurd remark by the Japanese international trade and industry minister does not by any means come from ignorance or a mistake, nor was it made accidentally. This is an aggressive absurd remark stemming from the common awareness to expand its power overseas which the Japanese reactionaries are harbored with today. The problem lies right here.

This is not the first time that such an aggressive absurd remark was openly burst out from the mouths of the Japanese reactionaries. Even recently, the so-called justice minister of the former Hata cabinet babbled that the war of aggression was a liberation war. Hata himself denied that the past war was a war of aggression. Are all these truly by coincidence? That is not so by any means. These common absurd remarks clearly show the degree of ambition today's Japanese militarists have for a reinvasion, and how strongly the rascal's enthusiasm to repeat the past history of aggression is blazing.

In reality, the Japanese reactionaries' maneuver for overseas invasion has reached a very grave stage. The Japanese reactionaries revised the current Japanese constitution opposing war and are openly conducting maneuvers to revise the Japan Self-Defense Forces law and fabricate the work of enacting the law in case of an emergency. Moreover, since the end of the Cold War, they are increasing military expenditures, accelerating to increase forces, and are running amok to become a big military power and arm themselves with nuclear weapons, running counter to the worldwide trend of reducing armaments.

Japan's military expenditures for last year ranked second in the world. Even from this one fact, we are only too well aware that Japan's ambition for overseas invasion has reached a very dangerous stage. It is needless to say that the absurd remark by the Japanese international trade and industry minister is an aggressive sophistry reflecting this political and military background of Japan.

As proven through historical experience, if monopolistic capitalism is expanded, it is a rule that it moves toward the road of overseas invasion. Today's Japanese monopolistic capitalism has expanded to the maximum. Therefore, they are very recklessly running amok to open the road for overseas invasion. The rascals have become extremely arrogant and impudent. They are once again trying to cast wolf's eyes at Asia and the rest of the world.

The danger of Japan's military aggression is truly not tomorrow's assumption but a stark reality faced before us. If Japan's aggressive ambition, which has become red hot, is left ignored, it is not difficult to predict how much grave aftereffects and calamities will be laid before the Asian people and the people of the rest of the world.

The Japanese reactionaries' aggressive ambition to realize the old dream of the Greater Asian Co-Prosperity Sphere is truly nothing but a groundless fantasy. Today's Asian people are not the Asian people of yesterday. If the Japanese reactionaries move once again toward the road of overseas invasion rather than trying to find a lesson from yesterday's defeat, this will drive Japan toward destruction which can no longer be restored. The Japanese reactionaries must correctly look at the trend of the overall situation and act with discretion.

Central Meeting of Korean Mothers in Japan Held

SK2710103794 Pyongyang KCNA in English 1012 GMT 27 Oct 94

[FBIS Transcribed Text] Tokyo, October 25 [date as received] (KNS-KCNA)—The 4th central meeting of Korean mothers in Japan was held in Tokyo on October 22.

In his speech at the meeting, Yi Chin-kyu, first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), said the meeting was a very significant meeting in the history of the patriotic movement of Chongnyon as it would demonstrate the precious achievements made by Korean women and young mothers in Japan through vigorous efforts with deep reverence for the great leader Generalissimo Kim Il-song and respected General Kim Chong-il.

He called on the officials of the women's union, young mothers and all other Korean women to make mass innovations and upswing in their work for the bright future of the homeland and the nation and of the posterity, upholding the leadership of the respected general with loyalty and filial piety, true to the behests of the great leader.

In her report, So Cha-yon, chairperson of the Democratic Union of Korean Women in Japan, said the meeting was aimed at consolidating the women's union and creating an important occasion in developing in depth the education of children, with stress laid on bringing them up to be true sons and daughters of Korea. She called for developing in depth the education of children to a new, higher stage under the slogan "Let us instill the spirit of the nation in our children and bring them up for the future of Korea!"

The floor was taken by officials of the women's union and Japanese women.

A letter to respected General Kim Chong-il was adopted at the meeting.

Japanese Society Publishes Kim Il-song Magazine

SK2610221194 Pyongyang KCNA in English 1500 GMT 26 Oct 94

[FBIS Transcribed Text] Pyongyang, October 26 (KCNA)—The Japan Society for the Study of Kim Il-songism published the magazine "STUDY OF KIMIL-SONGISM No. 70."

The magazine carried the great leader President Kim Il-song's famous work "Answers to Questions Raised by the General Director of the Latin America News Agency PRENSA LATINA" and the dear leader Comrade Kim Chong-il's famous work "You Should Become Officials Who Know How to Move the Minds of People". It edits articles headlined "Socialism of Korea Advancing Long a Straight Road With His Excellency Kim Chong-il in the Centre", "On the Ideological and Theoretical Feats of His Excellency Kim Chong-il", and so on.

It carries reports about Korean visits under the titles "Advantages of Korean Socialism Led by His Excellency Kim Chong-il" and "After Meeting the Leader Who Devotes Himself to the Happiness of the People".

Printed in it are impressions given by readers of the reminiscences of President Kim Il-song "With the Century", reports and treatises and pictures showing an international symposium on the *chuche* idea and a seminar of the *chuche* idea and a solidarity meeting held in India and Japan.

Countries Hold Memorial Services for Kim Il-song

SK2710042594 Pyongyang KCNA in English 0415 GMT 27 Oct 94

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—A memorial service was held in Damascus, Syria, on the hundredth day after the death of the great leader President Kim Il-song.

Delegates of political parties and fighting organisations of Arab countries in Damascus and a large crowd of people were present there.

Memorial services were held by the United People's Front of Nepal, the Bangladesh People's League, groups for the study of the *chuche* idea of the great leader Comrade Kim Il-song in Togo, the Secretariat of State of the Agricultural Hydraulics of Mozambique and in Dar-es-Salaam, Tanzania.

Wreaths and bouquets of flowers were laid before the portraits of President Kim Il-song at the memorial services and the participants paid silent tributes to his memory.

Memorial addresses were made by the chairman of the Central Committee of the United People's Front of Nepal and other public figures.

They said President Kim Il-song was an outstanding leader of the world people and his life was that of a great revolutionary and a tender-hearted father of people.

They stressed that the revolutionary cause of *chuche* pioneered by President Kim Il-song is being creditably carried forward to accomplishment today by the dear leader Comrade Kim Chong-il.

Meanwhile, Mamadou el Bechir Gologo [spelling of name as received], secretary general of the National Direction Committee of the Sudanese Union-African Democratic Rally in Mali, issued an article headlined "In Memory of the Great Person" and the Society for the Promotion of the Relations Between Austria and the Democratic People's Republic of Korea published a bulletin.

Foreigners Pay Tribute at Statue of Kim Il-song

SK2710043394 Pyongyang KCNA in English 0420 GMT 27 Oct 94

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—Manuel Bernardo de Sousa, Angolan ambassador to China, on October 25 and Markku Kauppinen [spelling of name as received], minister-counsellor of the Finnish Embassy here, and Hiroshi Koto, president of the Markan Corporation of Japan, on October 26 called at the statue of the great leader President Kim Il-song on Mansu Hill and honored his memory.

They laid wreaths and bouquets of flowers before the statue of President Kim Il-song and observed a moment's silence.

Hiroshi Koto said that he heartily felt the sorrow of the Korean people who lost the father of the nation. "I can know well through it what a great man President Kim Il-song was," he added.

He stressed that there has been no such great man in history as the great leader.

Foreign Party Leaders Greet Kim Chong-il

SK2710041794 Pyongyang KCNA in English 0410 GMT 27 Oct 94

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il received messages of greetings from party leaders of different countries on the 49th anniversary of the foundation of the Workers' Party of Korea.

The messages came from Chairman of the Central Committee of the Socialist Party of Bangladesh A.F.M. Mahbubul Huq, Chairman of the Nationalist Socialist Party of Syria in Lebanon Inaam Raad and General Secretary of the Supreme Council of the Party Ali Hassan, Chairman of the Central Committee of the Brazilian Communist Party Joao Amazonas, Chairman of the February Revolutionary Party of Paraguay Victor Sanchez Bilagra, Chairman of the Central Committee of the Czechy-Morava Communist Party Miroslav Grevenicek, Chairman of the Central Committee of the Socialist Party of Cyprus Vassos Lysarides, Secretary General of the United Left Movement of Dominica Miguel Mejia, General Secretary of the Central Committee of the Peruvian Communist Party Renan Raffo Munoz and International Secretary of the Party

Guillermo Herrera Montecinos, General Secretary of the Mariateguista United Party of Peru Habier Dies Kansseco, General Secretary of the Central Committee of the Communist Party of Peru (Red Motherland) Alberto Moreno and General Secretary of the Central Committee of the Lebanese Communist Party Farouk Dahrouj.

They in the messages extend warmest congratulations to Comrade Kim Chong-il and wish him a long life in good health.

They express the belief that, under the wise leadership of Comrade Kim Chong-il, the Workers' Party of Korea will make brilliant achievements in socialist construction and reunify the country at an early date.

Seminars on Works of Kim Chong-il Held Abroad

SK2610102594 Pyongyang KCNA in English 1006 GMT 26 Oct 94

[FBIS Transcribed Text] Pyongyang, October 26 (KCNA)—Seminars on the dear leader Comrade Kim Chong-il's work "The Workers' Party of Korea Organizes and Guides All the Victories of Our People" were held by the Portuguese Central Committee for the Study of Kimilsongism, the Group for the Study of the Chuche Idea of Comrade Kim Il-song of the higher middle school of old Kampala, Uganda, the Society for the Study of the Chuche Idea of Guinean Youth and Students and the Ghanaian National Institute of the Chuche Idea.

Reports and speeches were made at the seminars.

They said his excellency the dear leader Kim Chong-il noted in his work that the leadership of the party is the decisive guarantee for the victory of the socialist cause and indicated concrete orientation and ways for strengthening the party and enhancing its role.

They pointed out that the Workers' Party of Korea founded by President Kim Il-song had led the socialist construction in Korea along the road of victory without any deviation by firmly ensuring its leadership over the revolution and construction and rallying broad segments of masses around it as the staff of the Korean revolution in the past 49 years.

A seminar on his work "Abuses of Socialism are Intolerable" was sponsored by the Burkina National Group of the Chuche Idea.

Speakers said that the Workers' Party of Korea and the Korean people have prepared all conditions for accomplishing the cause of socialism and communism. They stressed that dear Comrade Kim Chong-il has strengthened and developed the Workers' Party of Korea into a dignified, mighty and invincible party, achieved the single-hearted unity of the leader, the party and the masses and built a powerful self-supporting national economy and a-match-for-a-hundred revolutionary Armed Forces.

Kim Chong-il Sends Thanks to Suan Functionaries

SK2710101094 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 23 Oct 94

[FBIS Translated Text] The dear leader Comrade Kim Chong-il, the great leader [widaehan yongdoja] of our party and people, has extended thanks to the functionaries of Suan County, who had set an example in the construction of 30 modern dwelling houses at No. 5 work team of Chwawi Cooperative Farm in just two months by replacing their great sorrows of having lost the respected and beloved leader with courage and strength.

The dear leader Comrade Kim Chong-il has bestowed the warm affection of sending televisions to farmers and their families who are moving into a new house.

A meeting was held on the spot to deliver a thank-you message from the dear leader Comrade Kim Chong-il to the functionaries of Suan County.

Functionaries concerned, the functionaries concerned in Suan County, and farmers of Chwawi Cooperative Farm participated in the meeting. The thank-you message from the dear leader Comrade Kim Chong-il to the functionaries of Suan County was delivered amidst a storm of applause.

Yi Yong-pok, chairman of the Administrative and Economic Committee of Suan County; Sin Kyong-won, secretary of the Suan County Party Committee; and Choe Hyo-kun, the leader of the No. 5 work team of Chwawi Cooperative Farm, were engaged in discussions.

A letter of pledge to the dear leader Comrade Kim Chong-il was adopted at the meeting.

Article Details Self-Reliant Economic Strategy

SK2710124494 Pyongyang NODONG SINMUN in Korean 15 Sep 94 p 3

[Article by Pak Chang-su: "Our Party's Revolutionary Economic Strategy is a Strategy of Self-Reliance"]

[FBIS Translated Text] What is important in thoroughly implementing our party's revolutionary economic strategy is for all the people to highly display a revolutionary spirit of self-reliance and fortitude. Our party's revolutionary economic strategy is a strategy of self-reliance.

The dear leader Comrade Kim Chong-il has indicated: "Our party's revolutionary economic strategy is a strategy of self-reliance and a strategy of fortitude."

Effecting a great turn in socialist economic construction by highly displaying the revolutionary spirit of self-reliance and fortitude is the demands of our party's revolutionary economic strategy and a firm guarantee for its successful implementation.

That our party's revolutionary economic strategy is a strategy of self-reliance is first of all because the strategy involves the genuine demands of our developing revolution to advance socialism of our own style and to consummate it to the end, relying on its own strength.

By nature, the revolutionary spirit of self-reliance is the revolutionary spirit and the struggle ethos that the people carrying out socialist construction should consistently grasp and embody to the end. This revolutionary spirit is the revolutionary spirit under which one carries out the revolution of one's country in a responsible manner and to the end, no matter how arduous and difficult.

The masters of each country's revolution are precisely the people themselves of that country, and a decisive factor for the victory of the revolution, too, lies in the strength of the people of that country. Therefore, the people carrying out socialist construction should carry out the revolution, always believing in their own strength and relying on it. They should also surmount all difficulties with their own strength.

Our party has set forth a period of readjustment of three years and presented tasks for implementing the revolutionary economic strategy based on its scientific analysis of today's situation and of the demands of our developing revolution.

Today, the imperialists and reactionaries are viciously scheming to suffocate our Republic, a fortress of socialism, and to obliterate socialism of our own style. Today's circumstances and conditions urgently demand that our party and people make the frame and structure of the economy complete in a reasonable manner so that they can firmly defend socialism of our own style and live with their own strength under all circumstances, that, thus, the foundation of the self-reliant economy can prove its worth, and that great progress can be made in the improvement of the people's life. Today, when the international circumstances of socialist economic construction and the economic relations with foreign countries have undergone a complete change, building socialism with our own strength is an important problem, which is related to our own destiny and future.

Our party's revolutionary economic strategy, which has proceeded from these demands of socialist economic construction, is a strategy to build and develop the economy so that we can live with our own strength under any difficult circumstance. It is also a strategy to rapidly promote the people's living by making the frame and structure of our economy complete and by constantly developing it.

Proceeding from this, our party's revolutionary economic strategy has defined it as an important task in the period of readjustment to thoroughly implement the agriculture-first, light industry-first, and trade-first policy, to firmly give priority to the coal industry, power industry, and railway transport, which are the leading

sectors of the national economy, and to continuously develop the metal industry. This constitutes a reasonable policy that makes it possible to reform the economic structure of the country and to change the direction of our external trade in conformity with the changing international circumstances and with the demands of our developing national economy.

To concentrate efforts on developing agriculture, light industry, and trade as intended by the party, to regularize production in all sectors at a high level by giving priority to the leading sectors of the national economy, and to fully enhance the existing economic foundation, it is important for us to trust our own strength and to more properly and effectively mobilize and utilize our people's strength and technology and our country's natural resources and inner reserves.

Our party's revolutionary economic strategy being a strategy of self-reliance and fortitude is also because this strategy demands that we effect a great turn in socialist economic construction by inheriting and carrying on the traditional struggle spirit of our revolution and ethos.

The revolutionary spirit of self-reliance and fortitude is the traditional struggle spirit of our party and people, and the history of our revolution and construction is the history of self-reliance. Whenever our party and people have met difficulties and trials in the course of the revolution and construction, they have surmounted them and achieved victories with the revolutionary spirit of self-reliance and fortitude.

In retrospect, the postwar period was indeed a grim period of trials. The enemies at home and abroad challenged our party, and grave difficulties were created before our economic construction. In this period of grave trials, which influenced the destiny of the revolution, the working class of Kangson cherishing in their hearts the party's appeal that the country could stretch itself if it had 10,000 more tonnes of steel material, produced 120,000 tonnes of steel materials from a 60,000 tonne-capability blooming mill. In this way they effected a great upsurge of Chollima and unfolded the proud history of creation and renovation on this land.

On the days of great upheaval when we had to take 10 steps or 100 steps while others took one step our working class and people stopped at nothing to realize the party's intent and plans. All of the people firmly rallied around the party and vigorously waged the struggle for increased production and preservation. Manufacturing what is nonexistent and seeking out more of what is in short supply by displaying the revolutionary spirit of self-reliance and fortitude, they unconditionally implement the party's combat goal to the end.

Amid these furious flames of struggle, numerous miracles and exploits that amazed people were created, and our fatherland came to be proud of being the country of Chollima advancing forward at an extraordinary speed.

Today's prevailing situation and the broad revolutionary tasks facing us today demand that all functionaries and workers work and struggle with the same revolutionary spirit and mettle as displayed in the period of great upsurge of Chollima.

When functionaries and the working people in all sectors and units of the national economy display the revolutionary spirit of self-reliance and fortitude as by the working class of Kangson in the period of great upsurge of Chollima in the past and, thus, struggle with the firm determination to fulfill without fail the broad revolutionary tasks facing them to the end with our own strength and technology and with our own resources, we can effect a new turn in the implementation of the party's revolutionary economic strategy, firmly deepen a firm foundation for the self-reliant national economy, and, thus, improve the people's living rapidly.

Our party's revolutionary economic strategy's existence is also because this strategy demands that a great turn is effected in socialist economic construction by effectively utilizing the firm foundation of the self-reliant national economy, which has already been provided.

To build and develop the economy so that we can lead our lives under our own strength under any difficult circumstance, it is important to mobilize and utilize our own things to the maximum. Our party's revolutionary economic strategy is an economic strategy to strengthen the country's economic might by all means and to promote the people's living rapidly by effectively utilizing the firm foundation of the self-reliant socialist economy and, thus, by effecting a great turn in socialist construction.

The foundation of the self-reliant national economy in our country today and its production potential are indeed great. By consistently implementing the line of self-reliant national economic construction under the party's wise leadership our people have built powerful heavy industry with machine manufacturing industry as its core and developed light industry.

The foundation of our self-reliant socialist economy has been more firmly strengthened in the course of various stages of the national economic development plan. In particular, through the struggle to fulfill the Third Seven-Year Plan the production capability of our chuche-oriented industries has greatly increased, and their technological level, as well, has been enhanced by a great deal. At the same time, as the sectors and units of the national economy have been made more complete, their self-reliant level and strength have been further strengthened. Therefore, when we fully and effectively utilize this powerful foundation of our self-reliant economy, we can further increase production.

Our party's revolutionary economic strategy calls for us to constantly increase production and to promote the people's living rapidly by fully and effectively mobilizing

and utilizing the firm foundation and production capability of our self-reliant socialist economy.

To most effectively utilize the foundation of the self-reliant socialist economy and to fully mobilize its production potential, it is important to seek out more reserves for production and preservation by highly displaying the revolutionary spirit of self-reliance and fortitude.

When all functionaries and the working people manufacture what is nonexistent and seek out more of what is in short supply by displaying the revolutionary spirit of self-reliance and fortitude and when, thus, they increase production at a high speed, the firm foundation of the self-reliant national economy of our country can further prove its worth; a great upsurge can be effected in the development of agriculture, light industry, and foreign trade; and great progress can be made in the promotion of the people's living.

Today, upholding the party's revolutionary economic strategy our party members and the working people are rising up in the struggle to implement the strategy and, consequently, are creating miracles and innovations in succession. This is a lofty manifestation of the loyalty and devoted struggle of our party members and the working people to brilliantly realize our party's intent and plans.

All functionaries, party members, and the working people should display the revolutionary spirit of self-reliance and fortitude in the struggle to implement the party's revolutionary economic strategy and, thus, should actively contribute to more firmly deepening the country's economic might and to rapidly promoting the people's living.

Founding of Defense Athletic Team Meeting Held

SK2710104894 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 26 Oct 94

[FBIS Translated Excerpt] A report meeting marking the 40th anniversary of the founding of the national defense athletic team was held at the State Physical Culture and Sports Committee on 25 October.

Present at the report meeting were Comrade Kim Chung-nin, secretary of the Central Committee of the Workers' Party of Korea [WPK]; Pak Myong-chol, chairman of the State Physical Culture and Sports Committee; other functionaries concerned; and functionaries of the sports sector; and athletes and sports figures.

The participants observed a minute's silence in memory of the respected and beloved leader Comrade Kim Il-song, the benevolent father and the great leader of our party and people who devoted his whole life for the endless prosperity of the fatherland, for the happiness of all generations to come, and for the cause of making the whole world independent.

In the report meeting, Comrade Kim Chung-nin delivered a congratulatory message from the WPK Central Committee to the functionaries and athletes of the national defense athletic team. [passage omitted]

South Korea

Options for Financing North's Reactors Studied

SK2710045294 Seoul YONHAP in English 0444 GMT 27 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 27 (YONHAP)—The government is considering dipping into state coffers to finance light-water nuclear reactors for North Korea.

Four plans on raising funds for North Korea's modern reactor project have been studied—securing official foreign loans, Korea Electric Power Corp.'s introduction of foreign debts such as commercial loans and yankee bonds, raising electricity rates and disbursement from the national treasury, officials said Thursday.

The idea of securing official foreign loans, however, has been put aside because the World Bank and other international financial organizations have never lent money for atomic energy projects. Moreover, international lending institutions no longer treat South Korea as a developing country in extending loans.

The introduction of foreign commercial loans or the floating of yankee bonds on the U.S. capital market by Korea Electric Power Corp. may hurt the company's shareholders by lowering its capital adequacy level.

Hiking power rates would increase other prices, especially those related to energy consumption.

On the other hand, disbursement from the public purse would not place a direct and heavy burden on taxpayers as construction of the North's two light-water reactors will take about 10 years, allowing for installment payments of a relatively low 160 billion won (200 million U.S. dollars) a year during the period, an official said.

This might apply pressure on the budget, but a supplementary budget could be prepared through disposal of the government's shares of listed companies or privatization of state-owned firms.

When a committee is formed next week to support North Korea's light-water reactor project, with Prime Minister Yi Yong-tok serving as chairman, the government will formally decide whether to pay for the project from state coffers.

'Mid-Level' Consultations Held

SK2710062894 Seoul YONHAP in English 0615 GMT 27 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 27 (YONHAP)—The Seoul government was close to establishing a position Thursday on the scope of its contribution to North

Korea's light-water reactor project to take to tripartite consultations with Japan and the United States.

Vice Foreign Minister Park Kun-woo presided over a two-and-a-half-hour meeting that brought together mid-level officials from all agencies involved in the project. "We distributed some homework for each agency to do," said a Foreign Ministry official.

Other participants were director-general-level officials from the Economic Planning Board (EPB), the Ministries of Finance, Trade, Industry and Energy, Science and Technology, National Unification, and Defense as well as Korea Electric Power Corp., the Korea Atomic Energy Research Institute and the Agency for National Security Planning.

Ministry Spokesman Chang Ki-ho said specific discussion centered on the necessary measures for a multilateral agreement in establishing the Korea Energy Development Organization (KEDO), the group that will arrange and finance the reactor project. "We talked about how Seoul can assume a central role in the project and how to finance South Korea's share of the project," he said.

The position reached by the participants, who are to gather several times more in the coming weeks, will be taken to the trilateral consultations in Washington, officials said.

Well-informed sources said the initial estimate is for Seoul to bear between 60 and 70 percent of the reactor construction's cost and to pitch in on other KEDO activities such as the disposition of North Korea's spent fuel rods, dismantling of nuclear facilities and supply of alternative energy during the transition to light-water reactors.

South Korea's share of KEDO's entire expenditure is likely to be around 55 percent, they said.

Foreign Minister on Consortium

SK2710103294 Seoul YONHAP in English 1022 GMT 27 Oct 94

[FBIS Transcribed Text] Brussels, Oct. 27 (YONHAP)—A total of 4.5 billion dollars will be needed by an international consortium to be formed to finance the construction of light-water reactors and provision of substitution energy to North Korea, Foreign Minister Han Sung-chu said here Thursday.

Minister Han, now here attending a Korea-European Union (EU) ministerial meeting, said South Korea would bear part of the total fund required.

A source said Seoul would shoulder 60 to 70 percent of the cost of light-water reactors only, which would be about 2.1 to 2.5 billion dollars or 47 to 55 percent of the 4.5 billion dollars.

Han said the total breaks down to 3.5 billion dollars for light-water reactors, 300 million dollars for substitution energy, 100 million dollars for handling spent fuel rods and turning them over to a third country, 500 million dollars for dismantling nuclear facilities, and 100 million dollars in operational expenses of the consortium, Korea Energy Development Organization (KEDO).

He said the cost of the 50,000 tons of heavy oil set to be given to North Korea early next year will be born by the United States. "The understanding between South Korea and the United States is that South Korea would not bear the cost of heavy oil for North Korea in the future," Minister Han said.

Five to 10 countries are expected to take part in the KEDO, said Han, adding that if the membership would be ten, they would include the five permanent UN Security Council member countries plus Japan, Canada, Australia, Germany and South Korea.

PRC Official: China Interested

SK2710090294 Seoul YONHAP in English 0834 GMT 27 Oct 94

[FBIS Transcribed Text] Beijing, Oct. 27 (YONHAP)—China may extend commercial cooperation and exchange with the international consortium that will construct light-water nuclear reactors in North Korea under the recent agreement between Pyongyang and Washington.

Vice Foreign Minister Tang Jiaxuan, meeting South Korean reporters Thursday to discuss Premier Li Peng's visit to Seoul from Oct. 31-Nov. 4, said China would extend commercial cooperation and exchanges after sufficient study if approached by the consortium.

Asked whether China would participate in the consortium and further about the level of its contribution, Tang replied that his government was studying the matter with interest.

On North Korea's past nuclear activities, he said: "In the past, the former Soviet Union cooperated in North Korea's peaceful applications of atomic energy, but China did not take part in that cooperation and thus has no say in North Korea's past nuclear activities... During U.S. Nuclear Ambassador Robert Gallucci's recent visit here, I discussed this matter with him and I think the United States cannot say exactly about North Korea's past nuclear activities because Gallucci could not give an exact reply to my question about this matter."

Tang refused to discuss the timetable for Kim Chong-il's formal succession to power in North Korea, saying that China makes it a rule to refrain from commenting on the internal affairs of other countries.

But he foresaw no problems in the transfer of power, reminding that the North Korean Workers' Party named

Kim Chong-il as his father's successor in 1973 and that the junior Kim has virtually reigned over the party for five years.

Remarking on whether President Jiang Zemin plans to visit Seoul, Tang said that when President Kim Yong-sam invited Jiang and Li to come to Seoul while in Beijing last March, Jiang accepted, saying he would travel to Seoul at an appropriate time for both sides.

"My government attaches importance to President Kim's invitation and President Jiang will visit Seoul at a mutually appropriate time the two governments set through diplomatic negotiations," he added.

China hopes to maintain goodwill and friendly relations with both Seoul and Pyongyang because that boosts security on the Korean peninsula, inter-Korean reconciliation and the development and prosperity of the Asia-Pacific region, he said when asked if Beijing would change its pro-North Korea policy now that the recent nuclear agreement has paved the way for solution of the nuclear issue.

Claiming that Beijing's Korean peninsula policy is inclined toward North Korea is wrong and a misunderstanding, he stressed.

He said Beijing favors faithful implementation of the Pyongyang-Washington nuclear agreement, resumption of inter-Korean dialogue and stability of the Korean situation.

Before meeting the reporters, he said Seoul-Beijing economic cooperation has bright prospects for further development, adding that Premier Li's visit would help boost bilateral cooperation in the aircraft, automobile, electronics and machinery industries.

Expected Russian Role Discussed

*SK2710085294 Seoul SEOUL SINMUN in Korean
27 Oct 94 p 4*

[Article by Yi Ki-tong from Moscow]

[FBIS Translated Text] As the formation of an international consortium for providing support for North Korea's switch to a light-water reactor system has become concrete, public interest focuses on Russia's provision of technology and the scope of its participation in the consortium because it played the leading role in building atomic power plants in North Korea in the past. Russia, which once made behind-the-scene efforts to encourage the adoption of the Russian-type light-water reactors, is now interested in providing non-reactor technology.

Answering a question regarding Russia's participation in the consortium at a regular briefing of the Foreign Ministry held on 25 October, spokesman Karasin simply stated: "Russia is now analyzing the DPRK-U.S. agreement and will decide on the Russian Government's position, watching the course of implementation of the

agreement." His statement attracts public attention because it reflects a retreat of the Russian position that "Russia's proposal for providing Russian-type light-water reactors is still valid," which was issued right after the DPRK-U.S. agreement was signed. Valentine Yermuchenko [name as transliterated], second director of the Asia Bureau of the Russian Foreign Ministry, who is now visiting Japan, stated on 24 October: "Russia is interested in providing technology to the international consortium."

The change of Russia's position is regarded as its inevitable choice under the current situation in which the adoption of ROK-type light-water reactors has become an established fact. At the same time, Russia seems to be calculating that there is room for Russia's participation in many fields other than building atomic reactors, which will cost about 30 percent of the total \$4 billion expense of building two light-water reactors in North Korea, such as building subsidiary facilities and supplying manpower. The total expense of building the atomic power plants includes the expense of building the reactor (30 percent), the safety expense (30 percent), and the expense of land acquisition and non-reactor expense (40 percent). Above all, Russia has an advantage in the consortium because it actually participated in building atomic power plants in North Korea for about five years from 1985.

Based on the "DPRK-USSR Economic and Technological Cooperation Treaty for Building Atomic Power Plants" signed in Moscow in December 1985, the former Soviet Union decided to provide North Korea with technology, atomic power plant facilities, equipment, and technological materials for building four VVER-440 atomic reactors developed by the former Soviet Union. According to this, the former Soviet Union selected the building sites, provided atomic plant facilities and technological materials, and controlled the manpower mobilized for the building until late 1991, when the validity of this treaty was suspended due to the collapse of the Soviet Union.

In particular, it was announced at that time that Sinpo of South Hamgyong Province and Taechon of North Pyongan Province, North Korea had been chosen as the sites for the atomic power plants and that ground work for the plants had been established. Regarding the selection of the building site for the new atomic power complex with light-water reactors, a high-level official of Russia's Atomic Energy Ministry stated on 25 October: "An area that measures eighth or lower on the Richter scale can be selected as the site of an atomic power plant." He then said it is almost certain that either Sinpo or Taechon, which were selected by the former Soviet Union in the past, will be chosen as the site of the new atomic power complex. North Korea attempted to build four 44,000-kw atomic power plants in the past and now it is demanding the construction of two 1 million-kw plants in conformity with the total capacity level it planned in the past. The Russian official particularly

stressed: "The construction period will be shortened by two or three years since the ground work on these places has almost been completed. The expense of the construction will also be reduced."

According to the DPRK-USSR treaty on building atomic power plants, North Korea was responsible to select and provide the building site, to estimate needed electric power, to carry out a geological survey, and to construct buildings, while the former Soviet Union was responsible to provide technology in selecting the building site, to provide support for producing facilities and materials in North Korea and for installing and operating atomic power plant facilities, to provide technology for building the atomic power plants, to dispatch Russian experts to North Korea, to train North Korean technicians, and to provide North Korea with technological information.

In addition to this, North Korea was supposed to accept safety measures for atomic power plants and nuclear fuel introduced by the former Soviet Union, not to use the power plants for military purposes, to provide communication facilities for the Soviet technicians in North Korea to communicate with Moscow, and to protect their personal safety.

It is clear, of course, that the ROK will play the leading role, not only in building atomic reactors, but in non-reactor fields in building atomic power plants in North Korea—particularly in providing manpower, parts, and facilities. This is a conclusion drawn from ROK's linguistic and geological advantages and of the convertibility of atomic reactors both in South and North Korea after Korean reunification. However, Russian officials hope Russia will increase its participation in this project by utilizing its experience as valuable commodities.

Proposal Offers 55-Percent Share

*SK2710040494 Seoul TONG-A ILBO in Korean
27 Oct 94 p 1*

[FBIS Translated Text] It was learned on 26 October that, in its cost-sharing proposal, the ROK Government has decided to share 55 percent of the total construction cost for the light-water reactors to be supplied to North Korea.

Regarding alternative energy sources, the government will adhere to its policy of not sharing any cost of supplying heavy oil.

Assuming the total construction cost of the light-water reactors is \$4 billion, the ROK's share of 55 percent will total \$2.2 billion. Conflicts are expected in negotiations with the United States and Japan as the percentage is much lower than what the two countries are expecting, which is 70 percent, or \$2.8 billion.

The government proposal offers 55 percent be borne by the ROK, 30 percent (\$1.2 billion) by Japan, 10 percent (\$400 million) by the United States, and the remaining 5

percent (\$200 million) by the participants of the international consortium, including the PRC, Russia, Germany, UK, Canada, Australia, and New Zealand.

Japan has offered 20 percent (\$800 million), and the United States reportedly proposed that the ROK and Japan bear 90 percent of the cost, with the United States and other consortium member states paying for the remaining 10 percent.

The ROK, the United States, and Japan reportedly will start negotiating the cost sharing early next week.

O Chin-u Remains in Paris for Medical Treatment

Said Staying at DPRK's Mission

*SK2610233094 Seoul KBS-1 Radio Network in Korean
2200 GMT 26 Oct 94*

[YONHAP report from Paris]

[FBIS Translated Text] Diplomatic sources in Paris conveyed that after receiving medical treatment from lung specialists, O Chin-u, North Korea's minister of the People's Armed Forces who is in Paris, will decide on whether to receive surgery or return to Pyongyang. These sources said it was thought O Chin-u had been admitted to Laennec Hospital, but it seems as soon as he arrived in Paris he went to the North Korean mission situated at a rich residential area, and is currently staying there.

Length of Visit Not Specified

*SK2710005094 Seoul YONHAP in English 0042 GMT
27 Oct 94*

[FBIS Transcribed Text] Paris, Oct. 26 (YONHAP)—North Korea's second most powerful figure, O Chin-u, will decide whether to have surgery or return to Pyongyang after consulting a doctor at Laennec Hospital in downtown Paris Thursday [27 October] morning, diplomatic sources here said Wednesday.

The 77-year-old minister of the People's Armed Forces arrived in Paris Tuesday for treatment of a lung disease.

O was not hospitalized immediately and instead is apparently staying with North Korean representatives living in an upscale residential area, according to one source.

The source added that O made an appointment at Laennec Hospital, which is famous for treating respiratory ailments, to have a medical examination at 10:30 AM [0930 GMT] Thursday.

The North Korean defense minister reportedly suffers from lung cancer.

The length of O's visit to France is not specified in his visa issued by the French Embassy in Beijing. If O has to undergo an operation, he will stay in France for as long as that takes, another source said.

He expected that if O does not need surgery, he will return to Pyongyang soon.

Meanwhile, officials at the North Korean "general delegation" in Paris denied that O has entered France, saying "no such thing happened" and "we don't know anything about that."

O was a close friend of the late North Korean leader Kim Il-song and after his death, the armed forces minister ranked no. 2 in the Workers' (Communist) Party hierarchy after Kim Chong-il, the son and designated heir of Kim Il-song.

Official on Steps for N-S Economic Cooperation

SK2710031994 Seoul KBS-1 Radio Network in Korea, 10200 GMT 27 Oct 94

[FBIS Translated Text] The ROK Government's steps for easing economic cooperation with North Korea are expected to become concrete next week. A relevant official of the National Unification Board [NUB] revealed today that first-stage measures to ease economic cooperation with the North will be announced next week. The measures will allow ROK businessmen to visit the North, activate processing trade on consignment, and allow mutual attendance in international conferences.

The official also said that when an atmosphere of reconciliation is formed with the development of a North-South dialogue, the government will work on second-stage measures to open direct routes between the North and South, will sign a treaty for the prevention of double taxation, and will open accounts for settlement and liquidation.

The official added the government is making full preparations so that North-South dialogue can resume as soon as the internal problems of North Korea are settled.

Businesses Prepare for N-S Economic Cooperation

SK2710014794 Seoul THE KOREA HERALD in English 27 Oct 94 p 8, 9

[FBIS Transcribed Text] As the government is swiftly moving to push for a full-fledged inter-Korea economic tie-up, competition is heating up among big domestic business groups to run the show.

This week, the government is expected to allow domestic businesses not only to send trade missions to North Korea but to set up trade offices there.

A high-ranking government official said yesterday that the government will let each private firm promote inter-Korea economic cooperation under its own responsibility.

This noninterventionist attitude is likely to fuel competition among domestic firms, especially among the Big Four business groups—Samsung, Lucky-Goldstar, Daewoo and Hyundai.

According to North Korea watchers here, the possibility is very high that a business group which has managed to earn confidence from the Pyongyang government will emerge as the final winner of the competition.

"North Korea is highly likely to pick one among the four as its main economic partner," a North Korea expert said.

In this respect, experts said, Samsung and Lucky-Goldstar enjoy an edge as the two have thus far secured a higher level of Confidence of the Pyongyang government than Daewoo and Hyundai.

Particularly, Samsung is believed to be maintaining contact channels up to the top of the North Korean leadership through its Beijing agent named Karen Han, according to business sources.

Since the late 1980s, Karen Han, who is in her 40s and is a United States citizen, has been playing a key role in forming secret relations between Samsung and the North Korean leadership.

"It is through Karen Han that our group has been doing business with North Korea," a Samsung Corp. official said.

According to a North Korea expert who has recently visited Beijing, the Samsung agent has a very friendly relationship with Kim Kyong-hui, sister of the new North Korean leader Kim Chong-il.

"During the visit, I met a senior Chinese official who told me that Karen Han has lobbied for Samsung's advance into North Korea," the expert said, adding that Han from time to time plays golf with Kim Kyong-hui in Beijing or Pyongyang.

With the help of Kim Kyong-hui, now the (North Korean) Workers' Party's secretary for light industry, Karen Han is also known to have met with Kim Chong-il several times to discuss Samsung's future investments in the North, the expert revealed.

In this regard, the Samsung Business Group appears to have already finished negotiations with the North Korean leadership on its investment projects.

Samsung is expected to initially to focus on such light industrial fields as textiles and electronic parts until South and North Korea sign agreements on investment guarantees and avoidance of double taxation.

According to the Samsung official, his group tried to win the confidence of Pyongyang leaders by keeping secret most deals it has made with them.

The Lucky-Goldstar Business Group is also known to be highly trusted by North Korea.

Lucky-Goldstar has groped for investment opportunities in North Korea by contacting top Pyongyang officials,

including those at the State Economic Planning Committee, via its Beijing branch, according to informed business sources.

"We began with small projects with North Korea as part of our strategy to build confidence," a group official said.

"While other business groups sought to land big projects, we placed priority on small-amount deals under which we send raw materials for light industrial goods for processing by North Korean workers," the official added.

According to informed sources, such a strategy paid off: it helped Lucky-Goldstar move up from small deals to large-scale projects in heavy industry.

Particularly, the group clinched a tentative agreement with the Pyongyang government in Beijing this April to take over the management of Kim Chaek Steel Mill, the largest steel mill in North Korea.

Compared with Samsung and Lucky-Goldstar, Daewoo and Hyundai appear to be not much trusted by the Pyongyang government, informed sources claimed.

According to some North Korea watchers, Daewoo appears to have lost its earlier confidence by showing an inclination toward short-term moneymaking rather than long-term investments. For instance, they said, Daewoo behaved like a merchant, not an investor, by trying to import zinc ores from North Korea and sell them in the South at a profit.

Daewoo Chairman Kim U-chung, however, visited Pyongyang twice this June and July to confirm whether the 1991 agreement which it signed with the Pyongyang government is still valid. Under the agreement, Pyongyang set up an industrial complex for Daewoo.

According to business sources, Daewoo has begun to step up contacts with North Korean officials through its Beijing branch chief Pak Won-ki shortly after the U.S.-N.K. Geneva nuclear accord was signed last week.

North Korea's confidence in Hyundai waned when the former Hyundai Chairman Chong Chu-yong ran for the 1992 presidential election, laying aside his agreement with the Pyongyang government to develop Mt. Kumkang, they say.

To revive the 1989 agreement on Mt. Kumkang development, four top Hyundai executives met Yi Song-nok, chairman of the Koryo National Industrial Development Council (KNIDC), the official North Korean contact point for domestic businessmen, in Beijing early this month.

As the Seoul government has made it clear that it would not meddle in private firms' advances into North Korea, the stage has been set for keen competition among the four rivals.

Chusapa Military Infiltration Efforts Alleged

SK2710052794 Seoul KYONGHYANG SINMUN in Korean 27 Oct 94 p 21

[By reporter Kang Ho-sik]

[FBIS Translated Text] A claim has been put forth that domestic faction of Chusapa [followers of the chuche idea] has not only formed a master and servant relationship with the North Korean side but is also publishing and disseminating printed matters such as a code of conduct for military infiltration.

At a symposium held on the morning of 26 October at the Ambassador Hotel situated in Changchung-tong, Chung-ku, Seoul, under the theme, 'Chusapa—The Reality and Guidelines,' hosted by the National Council for State Affairs (representative: Kim Yong-song), Kim Yong-hak, head of the Reunification Affairs Institute, claimed: "The Chusapa's revolutionary strategy against the South is the same as North Korea's strategy."

Mr. Kim Yong-hak also exposed that the domestic faction of Chusapa is making desperate efforts for military infiltration according to North Korea's instruction. He added it is publishing publications such as 'Comrades, My Friends' and 'The Banner of Chuche,' concretely elucidating the subject for subversion, method for infiltration, and on skillful ways of military living.

'New Trends' on Korean Peninsula Discussed

SK2610143494 Seoul TONG-A ILBO in Korean 26 Oct 94 p 4

[Article by Hwang Yu-song: "New Trends on the Korean Peninsula After Resolving the North Korean Nuclear Issue"]

[FBIS Translated Text] It seems that a stepping-stone has been established to resume North-South dialogue as a result of the settlement of the nuclear negotiations between North Korea and the United States.

The government has repeatedly stated that the settlement of the nuclear issue would serve as an opportunity to improve North-South relations only if it is resolved during the course of North Korean-U.S. talks. After many twists and turns, the government has successfully included the issue of the North-South dialogue in the contents of the North Korean-U.S. agreement.

Accordingly, the government has relaxed a "policy of linking the nuclear issue to economic cooperation," put forward plans to positively push ahead with the North-South dialogue, and earnestly carried out the work to open ways to promote North-South relations. However, in reality there is a problem because the policy has failed to satisfy the government's desire for talks.

North-South relations, which have deteriorated since Kim Il-song's death in July, are not likely to be recovered in a short time. Judging from North Korea's attitude

toward South Korea, North Korea—which is now carrying out work for power succession—is more aggressive and, also, is moving in the direction of heightening tensions on the Korean peninsula.

Even some government officials predict that North-South dialogue will not be held in the near future. The government officials concerned stated that North Korea failed to present a clear solution to promote North-South dialogue and that it would need time as well.

The concerned authorities added that North Korea would come to the North-South negotiating table when it believes it has finally solved the question of Kim Chong-il's power succession, and that it has established the minimum apparatus to maintain its system.

However, it is the government's position to resume North-South dialogue as soon as possible.

North Korea has laid the foundation for normalizing relations with the United States during the talks in Geneva. It is likely that it will come to the negotiating table to discuss normalizing diplomatic relations with Japan. Also, it is in a hurry to restore relations with Russia, as much as in the past. The existing order in the Northeast Asia area surrounding the Korean peninsula has changed rapidly.

The government believes that the ROK should take the lead in the changing situation surrounding the Korean peninsula, and that North-South dialogue is indispensable to achieve this.

Therefore, the government held a meeting of unification-related ministers on 18 October and declared its position to hold North-South dialogue through all available dialogue channels.

The problem is we do not know what channels for dialogue North Korea will accept. We have to consider, however, reasonable channels for dialogue that will create a consensus among the people.

The government regards high-level (prime minister-level) talks, stipulated in the North-South basic agreement, as the most desirable channel for dialogue. This would make it possible to exercise comprehensive political coordination between the North and South when the high-level talks resume. In addition, it will be possible to hold periodic meetings of the joint committees, made up of either vice minister-level officials or working-level officials, to discuss the issues of reconciliation, nuclear control, economic cooperation, social exchanges, and military affairs.

The question is we do not know if North Korea will react to the high-level talks with the same political characteristics in which it is negative toward North-South dialogue. As shown in the past, if the high-level talks are suspended due to the lack of conflict coordination function [punchaengchojol kinung], there will be no way to resume the talks. This is the problem.

However, the economic-related ministries, including the Economic Planning Board, have expressed the position that because the nuclear issue is resolved, a meeting of the Joint Economic Committee—which can be acceptable to both sides, the North and South—should be the first in order to resolve the issue of the North-South dialogue, thus separating the political issue from economic cooperation. Also, some other ministries, including the Foreign Ministry and the National Defense Ministry, have stated that it is necessary for the government to propose first a meeting of the Joint Nuclear Committee in order to implement the joint denuclearization declaration specified in the North Korean-U.S. agreement.

North-South dialogue at the joint committee level is very businesslike, therefore, this cannot be a comprehensive means of dialogue to adjust the overall relations between the North and South.

Accordingly, some government officials have presented the vice prime minister-level talks—which will include political and businesslike dialogue—as the best method for the North-South dialogue. As vice prime minister-level talks are regarded as preliminary contacts for North-South summit talks, if the talks resume, this will indicate that the government considers holding the North-South summit talks.

The North Korean-U.S. talks have several variables that can basically blur the government's and our people's fixed and ideological concept toward reunification. Plans for mutual recognition will be formulated immediately by the four powers involved in the Korean peninsula issue. Accordingly, it is most likely that North Korea's system will be extended for a considerable period. Therefore, this would lead to either the extension or perpetuation of North-South division, causing people's apprehension. Also, it is necessary for the government to basically reconsider its support and cooperation for the friendly countries, including the United States and Japan.

It is the common view of experts that the government should push for North-South dialogue and formulate a policy for national reunification, comprehensively considering these variables in its diplomatic and national reunification policy. Also, the North-South dialogue and the reunification policy can be effectively achieved only if they are carried out under the government's clear guideline and consistent policy.

*** Careful Evaluation of Defector Testimony Urged** *942C0213B MAL in Korean Sep 94 pp 155-161*

[By historian Kim Min-hui]

[FBIS Translated Text]

Can the Testimony of Defectors be Trusted?

Since the statement by Kang Myong-to that North Korea possesses five nuclear bombs, doubts have been growing

about defector testimony. The defectors have brought far too much high-level intelligence for their positions in North Korea. Let us do a case-by-case examination of the credibility of their statements.

Repercussions of the 'Nuclear Bomb' Statement

A great sensation was created in a news conference on July 27th, when North Korean defector Kim Myong-to, who claims to be the son-in-law of North Korean Premier Kang Song-san, claimed that North Korea already possesses five nuclear bombs. However, not even a day had passed before Kang's statement was determined to lack credibility. Even the Agency for National Security Planning [NSP] and the administration, which sponsored the news conference, officially announced that they would no longer bring up the groundless statement. Before this, the U.S. State Department denied Kang's assertion as absurd. This incident is being interpreted from two different angles. One is that the Neo-McCarthyism rushing in following the uproar over attempts to send a delegation to Kim Il-song's funeral and internal strife in the NSP were important factors. That is, it was the result of inaction by some in the NSP. They tasted unlimited power during past administrations, but their influence was reduced after the launching of the civilian administration. Lately, however, conservative voices are growing. Allegedly using this as an opportunity to regain their lost territory, they are said to have intentionally done nothing to stop the press conference. Actually, considerable strife is reported to exist within the NSP between former outsiders, such as former professor Director Kim Tok and Special Assistant Cho Man-hu—who entered the organization after the launching of the Kim Yong-sam administration, and legitimate intelligence men. From a different perspective, it has been strongly suggested that, out of a "subtle jealousy" over the upcoming third round of high-level talks between North Korea and the United States, the government's (or the NSP's) design in holding the news conference was to put a damper on the North Korean-U.S. talks. "Regardless of whether the assertions of the defectors is true, such conduct by the Korean intelligence organization can be interpreted as an attempt to destroy the mood of the third round of high-level North Korean-U.S. talks," the NEW YORK TIMES criticized. This newspaper viewed the recent news conference as a "pre-emptive strike" by some officials within the Korean Government who think the U.S. and Korean Governments make excessive concessions to North Korea. According to this perspective, it was a so-called "plot" by conservative hard-liners within the ROK Government. Although there are differences in degree, this is the general reaction of relevant experts in Japan, the United Kingdom, and Russia as well. Considered to be "a misfire by the old men of the NSP attempting to strengthen their positions" and "a conservative plot that has become an international joke," this incident gives us much to think about. For example, how reliable is the information on North Korea being fed us by the defectors? Thus, using the opportunity provided by the recent

controversy over defector testimony, we need to fully reexamine the question of how reliable the testimony they have been providing us really is, apart from its political background.

Is Kang Myong-to Really Premier Kang Song-san's Son-in-Law?

After the news conference, North Korea stated through a Pyongyang broadcast that Kang Myong-to "is not Premier Kang Song-san's son-in-law." "Using even fugitive criminals for political purposes, South Korea is stirring up North-South confrontation. It is casting a dark shadow on the future of North-South dialogue and creating obstacles blocking the future of the unification of the fatherland," it said, denouncing the action. "Kang Myong-to is the most ignorant person in the world and a libertine. He is a criminal who fled after misappropriating and embezzling enormous amounts of state funds," the Pyongyang broadcast reported. "After divorcing his first wife, he has had love affairs with several women. He is human trash and has been the object of public criticism."

It is possible that this North Korean report is just conventional, trite criticism. In Kang's case, however, the situation appears to be somewhat different. Problems have surfaced concerning Kang's past. "In Kang's case, we have a person who defected to South Korea after getting into trouble in the course of trading in China," said Democratic Party lawmaker Kang Chang-song, who formerly worked in a military intelligence organization. Furthermore, if we look carefully at Kang's statements, we can see that there are several questions not resolved by the general premise: "Defectors commonly exaggerate the reality of North Korea to expand their positions." During this confusion, a theory leaked out through some of the media that Kang may not be Premier Kang Song-san's son-in-law. The basis for this theory is the fact that a rumor was already circulating in the Yonbyon region last May that a trader named Choe was wandering around various areas of China and that this person's trail is identical to Kang's. This rumor has not been confirmed to be true. Indications are that this rumor will grow as Premier Kang Song-san, once rumored to have lost his position, has again appeared at formal occasions, showing that he is in good standing. However, even if it were certain that Kang is Kang Song-san's son-in-law, more evidence is needed to resolve several questions being posed.

First, according to his own statements, Kang Myong-to's family is related to Kang [the Chinese characters for the two family names are different] Song-san through the premier's mother's side of the family. There have long been rumors that Premier Kang Song-san was Kim Il-song's maternal cousin and also that he is a distant relative on Kim's mother's side of the family. The two stories are identical in that they say that Kang Song-san's maternal relatives, the Kangs [same Chinese character as Kang Myong-to], are also the maternal relatives of Kim Il-song. If this is true, then it means that Premier Kang

Song-san made a son-in-law of one of his mother's relatives. This is very difficult to understand if we assume that Confucian customs remain in North Korea.

Second, Kang says that he married the daughter of Premier Kang Song-san immediately after being released from "Management Center Number 18" in Pukchang, South Pyongan Province, where he was incarcerated for two years beginning in March 1990 for unauthorized contact with foreigners. This point is also being questioned. Premier Kang Song-san is a high-level official who ranked third in the North Korean power structure. Would such a man accept as his son-in-law a person recently released from a "Labor Reeducation Center"? Given his personal history as published in the media, he may not be a member of the Workers Party. Common sense and the character of the North Korean power structure make this difficult to believe.

Explaining that it was the second marriage for Kang Song-san's daughter, Kang Hui-yong, as well, Kang Myong-to said that "her husband's family had her divorced while her father was away in North Hamgyong Province." Thus, he explained, she was divorced for political reasons. Kang also said, "Kang Song-san went to North Hamgyong Province in 1992, not because he was demoted, but to receive treatment for diabetes." This is a contradictory statement. Also, Kang Song-san's appointment as responsible secretary of North Hamgyong Province and as People's Committee chairman was in March 1988, not 1992. Although he resigned as premier in December 1986, he continued to be active as a member of the Politburo and secretary. He was restored to the office of premier in December 1992. Even given the fact that it is possible for Kang to be ill informed concerning the personal affairs of his father-in-law, Premier Kang Song-san, his statements are somehow vague.

Third, there were unexpectedly many portions of Kang's statements on the internal workings of the North Korean power structure that run contrary to fact. Some examples: "Factions have formed within the North Korean military. They are the faction of Minister of People's Armed Forces O Chin-u, the faction of Party Operations Department Director O Kuk-ryol, and the faction of Yi Pong-won, deputy chief of the general political bureau of the military. The confrontation between O Chin-u and O Kuk-ryol is severe"; "The relationship between Premier Kang Song-san and former Vice Premier Kim Tal-hyon is not good"; "Kim Chong-il had also held the post of Central Committee Organization and Guidance Department director, but handed this over to Yun Sung-kwan, whom he trusts. As soon as power was concentrated in himself, he dismissed Yun Sung-kwan and Ko Kap-chong, the first deputy director in charge of inspection in the Organization Bureau, who was close to Yun. He then appointed Chang Song-taek to first deputy director and eliminated the position of Organization Bureau director." Such testimony appears to be contrary to fact.

Stories that discord exists between O Chin-u and O Kuk-ryol frequently appear in the domestic and international press. However, Kang's testimony that factions exist within the North Korean military is not convincing for the following reasons. In North Korea, the military is completely controlled by the party since it is the army of the party; first-generation revolutionary O Chin-u and second-generation revolutionary O Kuk-ryul's relationship is like that of a father and son (O Kuk-ryul's father, O Chung-hup, was active in the same anti-Japanese guerrilla unit as O Chin-u). Even if the relationship between the two men were strained, this could not be expressed openly (the authority of O Chin-u in North Korea is absolute). In February 1988, O Kuk-ryul resigned as chief of the general staff and was replaced by first-generation revolutionary Choe Kwang. This was reportedly due to the rough relationship between Chief of the General Staff O Kuk-ryul and the first-generation commanders of each corps, rather than to a confrontation between O Chin-u and O Kuk-ryul. That is, O Kuk-ryul's assumption of the post of party operations director after resigning as chief of the general staff only means that the time for a change of generations within the military was put off. There is a high probability that it does not indicate a factional confrontation between first- and second-generation revolutionaries.

Kang's testimony that the relationship between Premier Kang Song-san and former vice premier Kim Tal-hyon is not good also lacks persuasiveness in that the two men are both central figures of the "openness faction." This can also be seen through the testimony of Cho Myong-chol, son of a former North Korean minister of construction, who participated with Kang in the news conference: "Honestly, there are no factions among the officials of the Administrative Council. Factions are formed by ideology or emotion. There are no such groups. However, everyone wants the country to open up."

It is difficult to believe Kang's testimony that Chang Song-taek, a brother-in-law of Secretary Kim Chong-il and until now purported director of the Central Committee Youth Affairs Department, was appointed first deputy director of the Organization Bureau and that the office of director was eliminated altogether. First of all, it is strange that before going to the position of Organization and Guidance Department first deputy director, Chang Song-taek's office was "Youth and Three Revolution Team Affairs Department Director." According to *Kim Chong-il* (page 178), published by the CHUNGANG ILBO, although there are also stories that he is the director of the Three-Revolution-Team Affairs Department, these are false. Although he has, in fact, done some work related to the three-revolution team, such stories circulate because the "Youth Affairs Department" was in charge of schools, the Socialist Working Youth League, and other youth organizations, resulting in an overlap with many of the activities of the three-revolution teams. If this is true, then doubts might arise as to whether Kang might not have "learned" South Korean intelligence in reverse.

Also, the job of Organization and Guidance Department first deputy director is inappropriate for Chang Song-taek in view of his position, according to the analysis of some. The department's present first deputy director is reportedly Mun Song-sul. If Chang Song-taek were to enter the department, it would be reasonable for him to take the position of director or secretary. Yun Sung-kwan, whom Kang says was director of the Organization and Guidance Department for a time before being removed, is known to be leading the work of propaganda, highlighting the image of Kim Chong-il, as the deputy director of the Propaganda and Agitation Department. Of great interest is the question of who will be appointed as director of the Organization and Guidance Department when Kim Chong-il is officially elected party general secretary. The post is one of several now held by Kim Chong-il. The possibility that he will eliminate the position altogether is extremely slight.

Kang testified that Kim Chong-il had fathered only two daughters until recently, when he fathered a son. This is contrary to the facts. The established view is that Kim Chong-il has one son and one daughter. The memoirs of Choe Un-hui also record that she met Kim Chong-il's seven-year-old son. Kang's testimony about Kim's relationships with women just follows the reports of the ill-informed South Korean media.

Do the Joy Team and Widow Team Really Exist?

Thus, we can see that Kang Myong-to's testimony is filled with unreliable information. Ultimately, he brought on himself the suspicion of the streets that he may not be the son-in-law of Premier Kang Song-san. One thing is clear: despite his "excessive packaging," ill-suited to his position as the son-in-law of the Premier of North Korea's Administration Council, too much of the testimony he has given is clearly contrary to the facts.

However, false testimony by defectors is not just a recent problem. It is serious because it has always been a problem. "Joy-Team" articles often appearing in the press recently are an example of this.

A defector told us of the existence of "Joy Teams," said to exist for Kim Il-song and Kim Chong-il. It was Ko Yong-hwan, a former secretary at the North Korean Embassy in the People's Republic of Congo who defected in 1991. He exposed the realities of North Korean society through various types of media for several years. His memoir, *Pyongyang's 25th Hour* has long been required reading, frequently quoted by authors dealing with North Korean society.

According to his memoir, the Joy Team refers to a group of women mobilized to enliven the atmosphere of drinking parties held by Kim Chong-il. They wear mini-skirts and do a cancan dance, setting the mood of the party. When things get heated up, they switch to dancing in panties and bras, and the party becomes even stranger, Ko wrote.

The subject of Joy Teams came up in Kang Myong-to's news conferences too, appearing to raise the credibility of Ko Yong-hwan's testimony. "The Joy Teams were first brought out by the United Front Department in about 1978. I went with Kim Chong-il to a reception center under the control of First Deputy Director Yi Tong-ho of the Society and Culture Department. Yi entertained Kim Chong-il, fixing up the Munsu Reception Center splendidly. Afterward, Kim Chong-il acquired a taste for the Joy Teams," Kang revealed. Kang says that he went with Kim Chong-il to the reception center, but the chances are very slim that this is true, as it is doubtful that he is the real son-in-law of Kang Song-san.

The same goes for Ko's testimony. The first to reveal the actual circumstances surrounding the Joy Teams, Ko says that at one time he was a policy aide to Kim Chong-il in the Foreign Ministry and an interpreter for Kim Il-song and Kim Chong-il. However, according to defector Kim Chong-min, a high-level executive in the KWP's Organization and Guidance Department, the Foreign Ministry has no position called "policy aide." Of Ko, he said, "He interpreted just once, during the visit of an African president who used a local dialect." It has not yet been ascertained who is telling the truth.

As for Ko's revelations concerning the "Joy Teams," in his own words, they may be no more than "rumors circulating the halls of the Foreign Ministry." "Not just anyone can meet Kim Chong-il," Kim Chong-min stresses. Even if Kim Chong-il has some tangled activities with women, we must conclude that a person not participating in his drinking parties would be unlikely to know what goes on in them.

Generally, for parties to entertain ambassadors stationed in Pyongyang and foreign guests, North Korea reportedly has musical performances, employing Western-style clothes and rhythm, by electric bands Wangjaesan and Pochonbo. Stories about Joy Teams appeared along with the advent of such performances. This has led some to question whether those giving testimony about Joy Teams were not associating their ideas with these performances.

Stories about Joy Teams also appear in the memoir of Kim Myong-chol, a former guard in the General Guard Bureau who defected in July 1993. In his memoirs, printed in the August issue of the *WOLGAN CHOSON*, he writes that North Korea has "Joy Teams," "Satisfaction Teams," "Happiness Teams," and "Select Widows Teams." He says that no one on the "Joy Teams," "Satisfaction Teams," etc. work, but live luxuriously, only performing the role of sexual toys for Kim Il-song and Kim Chong-il. Here, he went even further. He said that there is a "Select Widows Team" and that it is run by the General Guard Bureau. Because he claims to have worked at the General Guard Bureau, it sounds as though there is a considerable basis for his assertions.

However, taking a closer look at his personal history makes one wonder. According to his memoir, he was a

guard at Kim Il-song's Mt. Chamo villa for five years, from April 1977 through April 1981. He writes that during this time he entered the villa only once, when it was being repaired. He was moved to the Mt. Paektu villa from May to August 1981. In December of that year, he received orders transferring him to the General Guard Bureau building in Pyongyang. There, he kicked a member of his unit, causing a concussion. He was held responsible for this and was dismissed from his post and sent to a "labor education camp." Ultimately, he was never in a position to know what Kim Il-song and Kim Chong-il did in their villas. However, the stories he told were concrete, tremendous, "high-level intelligence."

Much Testimony Ill-matched to Positions Held

"Kim Il-song would occasionally go for walks, but he seldom came outside. He just walked back and forth in a transparent tunnel-like garden with walls and roof made of plexiglas."

"Kim Il-song imported and ate even monkey brains. The monkey on the table would have to keep blinking its eyes until Kim Il-song had eaten out all its brains."

"Kim Chong-il's secretaries and clerks did most of the signing for him. For important issues, Kim Chong-il would sign documents directly, but generally without even looking at them."

"Kim Chong-il's relationship with his half brother, Kim Pyong-il, is very bad. Kim Chong-il's interference in everything having to do with Kim Pyong-il was so severe that Kim Pyong-il wandered around without a house to live in as late as 1978."

Even while claiming to have worked at the General Guard Bureau, Kim Myong-chol says he has no idea where Kim Chong-il's house is located and has never seen Kim Il-song getting out of a car up close. It is questionable, therefore, how he could know what Kim Il-song eats, whether Kim Chong-il directly signs documents, and what the relationship is between Kim Chong-il and Kim Pyong-il. His stories that Kim Il-song goes for walks in "a transparent tunnel-like garden with walls and roof made of plexiglass" and that documents sent to Kim Chong-il are "wrapped and delivered after being disinfected in an infrared sterilization device in a secret department" defy the imagination. There is too great a gap between his testimony and that of foreign diplomats and visitors to North Korea who have actually met with Kim Il-song and Kim Chong-il.

In view of this fact, his statement that Kim Il-song and Kim Chong-il swing with the teenage Joy Teams and that the high-level officials are satisfied with "chosen widows" is not surprising. Then, do the Joy Teams he speaks of really exist in North Korea? We can find a clue to this question in the testimony of Yo Min-chol, who defected last April while working as a guidance official for the Ministry of Social Safety. According to Yo's testimony, in North Korea, the "artists who through

song, folk tales, etc. bring joy to the two Kims at their villa" are called Joy Teams. Young North Korean women think it a great honor to be selected to work at the villas and other places, he says. It is uncertain whether the term "Joy Team" is used in North Korea. Yo says that it was only after coming to South Korea that he first read a book on the "Joy Teams." The existence of the "Select Widows Teams" asserted only by Kim is even more suspect.

Thus, in North Korea, "Joy Team" appears to designate persons working generally in the performing arts, and the true nature of the teams is unclear. However, the problem is that the testimony of the defectors concerning the "Joy Teams" is being disseminated to the public in a distorted manner, quoted in monthly and weekly periodicals without being filtered and without regard to its accuracy.

Careful Study Needed on Human-Rights Situation in North Korea

The issue of the North Korean human-rights situation has frequently come up in recent defector testimony. When Kang Chol-hwan and An Hyok, who had at one time been incarcerated in the Yongdok detention center, defected in August 1992, they made public a partial list of people held at the camp. A stir was created over the human-rights situation in North Korea when Amnesty International published on 30 July a partial list of political prisoners and other prisoners of conscience incarcerated by North Korea and the locations of their confinement.

However, some question the reliability of defector testimony and of the reports on the state of political prisoners in North Korea based on it. More than anything else, because raising the question of the North Korean human-rights problem is itself a very sensitive issue in the inter-Korean relationship, they assert, a careful and accurate verification of the evidence must come first.

Using the opportunity provided by the inclusion of Ko Sang-mun, who North Korea insists "voluntarily went over to the North" in April 1979, in the recently published list of political prisoners, the South Korean Government started demanding the repatriation of all its citizens abducted to the North. However, even the government authorities cannot state confidently how many South Koreans were kidnapped to the North since the armistice. In a recent National Assembly report the government stated that the total number of South Koreans abducted to the North since the armistice was 438. This shows a considerable discrepancy with the list of 278 kidnapped persons maintained by the Unification Board until only recently.

Also, it appears that the government cannot even accurately determine whether the persons classified as abductees were forcibly abducted to the North or whether they went voluntarily. There is expected to be a great deal of controversy over the question of whether

the so-called abductees went voluntarily, particularly because Ko Sang-mun and Yu Song-kun have reaffirmed through a Pyongyang broadcast that they voluntarily defected to North Korea.

The government seems to be inconsistent in its estimation of the number of prisoners of conscience or political prisoners within North Korea. It is all too obvious that not everyone purged from the North Korean regime or interred in an "education camp" can be characterized as a prisoner of conscience. For example, can we characterize as prisoners of conscience Kim Chang-pong (former vice premier) or Ho Pong-hak general secretary of the General Bureau of South Korean Affairs, both brought up by defectors as main figures imprisoned in North Korea? Not only did they not directly challenge the unitary system of Kim Il-song, but they are the figures who actually planned and led the 1968 raid on the Blue House, and the Uljin and Samchok incidents. Kim Pyong-ha, a former director of the State Security Department who was purged in connection with personal corruption, stood at the very forefront in the suppression of forces opposed to Kim Chong-il in the 1970's. It is difficult, therefore, to classify him as a political prisoner.

The reason political-prisoner-related defector testimony has been determined to be unreliable is that some of their accounts concerning persons they claim to be imprisoned in political-prisoner detention centers have been discovered to be false. For example, Yi Ki-sok (former chairman of the South Korean Workers Party Department), whom defectors have claimed was purged and sent to a detention center even after being city management premier, retired in the late 1950's and lived on a vice premier's (vice minister's) pension until his death sometime in the 1970's. If he were still alive, he would be about 90 years old. Common sense tells us that he would have almost no chance of surviving in a detention center.

There is a high probability that former South Korean Workers Party members Cho Pok-ae and Yun Sun-tal too have already died. The two are on the list of political prisoners published by Amnesty International and are presented as prisoners by Yi Tae, the author of *Nam-bugun [Southern Army]*, based on the "North Korean attribute of purging whoever is not worth using." In the case of Yun Sun-tal (born 1914), a former deputy director of the KWP Liaison Department, Yun was released after serving a 20-year sentence for his involvement in the "Pak Hon-yong, Yi Sung-yop incident." He died sometime in the 1970's. A Communist since the Japanese occupation, Cho Pok-ae defected to North Korea in the mid 1950's. He is said to have retired from politics due to poor health. Considering their age, there is little chance these two men could be living in a detention center. According to one unconverted, long-term convict sent into South Korea during the early 1960's, there is no chance that Cho Pok-ae could be in a detention center.

The publication by the media of such erroneous information appears to be due to the government's intentional neglect of uncertain statements made by defectors or to its not feeling a need to confirm them.

Unreliable Statements Need To Be Omitted

It is very difficult to get accurate intelligence on events and conditions within North Korea. The testimony of defectors, therefore, has its own special significance. However, there are no specialists who take defector testimony at face value. This is so much the case that a high-level official at the Ministry of National Defense stated, "Intelligence organizations too only use the statements of defectors for reference. They don't put much trust in it."

An important factor raising questions concerning the creditability of the content of defector statements is the defector's motives. Of their motives, almost all defectors say, "I defected because I became disillusioned with the North Korean system." Of course, disgust with the closed North Korean system could be the greatest motive for defection. However, it is reported that most persons requesting to defect do so because they have committed a "crime," such as fraud or embezzlement of public funds. "People whose opinions matter all know that some of the defectors fled after committing crimes in North Korea," one defector said in regard to this issue. "There are some cases in which people with ulterior motives for defecting make totally groundless statements to increase their value," he said.

Another factor lowering the credibility of defector statements, some point out, are the "insertions" of intelligence organizations. It is a fact, known to a few, that during defector news conferences, intelligence organizations often insert into defector statements information needed to fit current political circumstances. A typical example of these "insertions" are the statements on the North Korean nuclear program given since 1992, when the North Korean nuclear issue became acute. That is, of those defectors presented to the public by the NSP since 1992, even those who would have had relative difficulty getting access to information on the North Korean nuclear issue, such as low-ranking laborers and wood cutters, have had relatively detailed knowledge about the North Korean nuclear issue. It is the consensus among experts that only an extremely small minority of those in North Korea have accurate information on the North Korean nuclear program. Even so, defectors make statements as if they know about the North Korean nuclear program in detail. We must conclude that this is to "raise their price" or that it is due to NSP demands.

The number of persons defecting to South Korea since the armistice in 1953 is said to be several hundred. It is true that they have provided us with a great deal of useful information. However, the negative aspect is that they have created an erroneous image of North Korean society with their excessively packaged or distorted information, has been so great that it cannot be ignored.

Now, more than ever, we need an accurate understanding of North Korean society. A government policy is urgently needed that makes public only that information contained in defector testimony that has been fully reviewed and confirmed. Concerning this, it is encouraging that on the occasion of the stir created by Kang's statements, some within the government are saying that, although we should increase protection and support for well-meaning defectors, the time has come to change defector policy. The present policy creates an environment conducive to the making of unreliable statements by accepting all defectors, even those with ulterior motives for defecting. Only when the government carries out such a reformed policy will we be able to create a foundation for elevating our objective understanding by casting off our emotional and superficial perceptions of North Korea. Only then will we be able to take the lead in inter-Korean relations.

Egyptian Foreign Ministry Warns DPRK Embassy

SK2710003394 Seoul YONHAP in English 0014 GMT 27 Oct 94

[FBIS Transcribed Text] Cairo, Oct. 27 (YONHAP)—The Egyptian Foreign Ministry has issued a strong warning to the North Korean Embassy here over an Egyptian trader's attempt to smuggle in electronic goods using the names of North Korean mission members, informed sources said Wednesday [26 October].

Last week an Egyptian electronics trader had 500 video cassette recorders, 15 video cameras and 1,500 cellular telephones he was trying to smuggle into Egypt confiscated at the Cairo Airport, leading to his arrest. The goods were to be sent to the addresses of North Korean diplomats, the sources said.

He was detained by police at the airport while attempting to collect the electronics items, which he purchased in Dubai, the United Arab Emirates, and had sent by air cargo.

The merchant has reportedly confessed to police that, in seeking to smuggle in the goods without paying customs duties, he had paid 35,000 Egyptian pounds (some 8.75 million won) to the North Korean diplomats in return for use of their names.

For its part, the North Korean Embassy claimed that "the Egyptian was consigned to bring in other goods including furniture, but brought in electronic goods instead," indirectly admitting to having let him use the names of North Korean diplomats.

KFSB on Talks With North Officials in PRC

SK2610020494 Seoul THE KOREA HERALD in English 26 Oct 94 p 8

[FBIS Transcribed Text] The Korea Federation of Small Business (KFSB) will hold talks with North Koreans in

Beijing early next month to discuss a possibility of sending a South Korean economic promotion team to North Korea, KFSB officials said yesterday.

KFSB chairman Pak Sang-kyu will head a team of business leaders, mostly from smaller companies, and confer on details of a plan to dispatch a delegation of business leaders to Pyongyang, they said.

The date for Pak's delegation to Beijing and other details have not yet been set, said the officials, adding that a few representatives from business groups will be included in the delegation.

The KFSB delegation, they said, will propose during the Beijing meeting with North Koreans that a permanent exhibition center or sales outlet be set up in the Kaesong area or near the Demilitarized Zone, in addition to the proposed Sonbong and Najin free trade zones which the North wants to establish to lure foreign investment.

Among promising projects the KFSB believes the two Koreas can promote are such labor-intensive industries as knitting stocks.

Now that the United States has signed a pact with North Korea over the nuclear issue, economic relations are expected to be switched into full gear. The two Koreas have had no direct contact and trade as of now.

Advance in North-PRC Border Trade Areas Urged

SK2610080394 Seoul MAEIL KYONGJE SINMUN in Korean 26 Oct 94 p 2

[By reporter Kim Yong-tae]

[FBIS Translated Text] It was pointed out that as a method to induce North Korea to open up to the outside, it is necessary to form an ROK agent company and an office providing information in Hunchun, Yanji, and Dandong which are regions for DPRK-PRC border trade.

On 25 October, in a report on 'the trend of North Korea's economy for the first half of 1994,' the Korea Development Institute [KDI] revealed that the DPRK-PRC border trade is on the rise. Through systematic assistance of unlimited amounts of money; simplifying methods of trade; and reducing preferential tariffs by 50 percent, North Korea freed itself from a simple level of barter trade. It revealed that at present, one third of North Korea's overall trade with China is through border trade (DPRK-PRC border trade for 1993 was \$350 million).

In May of this year, representatives of the Najin and Sonbong special zone and Hunchun City, Jilin Province, China drew up a 'joint venture protocol' and decided on simultaneously developing a no-visa, no-tariff free trade zone in each region. It was learned that DPRK-PRC border trade is on the rise.

In this connection, considering that the DPRK-PRC border region is an important strategic region for bringing about North Korea's opening up indirectly, the KDI emphasized that it is necessary to advance its interests in China's border region.

PRC Policy Toward Korean Peninsula Analyzed

*SK2710081494 Seoul SEOUL SINMUN in Korean
27 Oct 94 p 4*

[Article by Yi Sok-u from Beijing]

[FBIS Translated Text] China has expressed its official response to the settlement of North Korea's nuclear issue by saying that the country welcomes the settlement and that there will be no change in its stance toward the Korean peninsula.

In a regular press briefing held on 20 October, Chen Jian, a spokesman for the Chinese Foreign Ministry, confirmed that China's basic policy is consistent and unchanged toward the Korean peninsula as to denuclearization, peace and stability, and the solution of relevant questions through dialogue there.

So far, China has professed itself to be the only guardian of North Korea. Since March 1992 when North Korea withdrew from the Nuclear Nonproliferation Treaty, China has played the role as a mediator in the confrontation between the international community and North Korea.

In this process, China has advised North Korea to end the confrontation with the international community and to return to the international community through normalizing relations with the United States and Japan. In this connection, the settlement of the nuclear issue means that China will be able to break away from diplomatic and economic burdens concerning North Korea and, at the same time, that it will have to compete with other countries, including the United States and Japan, to win influence over North Korea.

This also means that the United States, Japan—China's hypothetical enemy—and other Western forces will rush to North Korea, which China has traditionally regarded as its own front yard and as a buffer zone and enclosure against the capitalist forces, and that it will have to hold in check and compete with these other countries, while forming a complicated relationship among themselves to win influence over North Korea.

To sum up, China's policy toward the Korean peninsula has so far been based upon the status quo. In other words, this means that it is necessary to maintain the present status on the Korean peninsula to ensure that a change there does not damage China's basic policy goal to achieve economic development and maintain its socialist system; and to this end, that the Korean peninsula should not remain hostile toward China—be it in a

unified state or in a divided state. The Chinese Government is making diplomatic rhetoric on this policy, officially stating that the country is hoping for peace, stability, and denuclearization on the Korean peninsula, and the solution of relevant questions through the participation of, and dialogue between, the parties concerned.

We can say: The Chinese Government has expressed its welcome toward the settlement of questions between the North and the United States on the basis of its own perception and confidence that the settlement will not affect its basic policy goal for the time being.

In particular, China thinks that the relations between the North and the United States will have to undergo several stages and improve gradually. China's perception and confidence are based upon an analysis that the United States and North Korea will be faced with a considerable number of problems to solve, including the human rights issue, and that North Korea, too, will have to open the door of exchange in a very limited way to maintain its own system.

From this point of view, it is expected that there will no noteworthy change in China's basic diplomatic policy toward the Korean peninsula. The country's foreign policy will give priority to the question of preventing the collapse of North Korea's socialist system. It seems that China will be conspicuous by conducting various kinds of diplomatic activities to ensure that the improvement of relations between North Korea and the United States and between North Korea and Japan does not go beyond the boundaries of China's control.

It is also predicted that personnel exchanges between the North and China, including the exchange of visits between the communist party members and military leaders, which has been frequent in recent days, will be further intensified. In particular, the wider the scope of exchange becomes between North Korea and the United States and between North Korea and Japan, the ideological homogeneity, unity, and exchange between North Korea and China will be emphasized based upon the exchange of party members and military leaders. This means that China's policy of emphasizing North Korea will continue on the Korean peninsula.

By the way, some people predict that China may use a "bargaining chip concerning the ROK" to control the speed and scope of North Korea's exchange with the United States and with Japan. It is also predicted: If North Korea attempts to seek relations with those countries quicker and at a wider scope than tolerated by China, China will respond by strengthening its political and diplomatic relations with the ROK. At the same time, China may attempt to hold in check and conduct diplomacy to seek the balance of power toward Japan and the United States through its cooperation with Russia, which wants to regain influence in Northeast Asia. In this respect, we can confirm that "a diplomacy

of and rivalry and competition" between the four major powers has begun on the Korean peninsula.

Business Groups Eye Shares of PRC Projects

SK2710021194 Seoul *THE KOREA TIMES* in English
27 Oct 94 p 8

[FBIS Transcribed Text] Domestic business groups are likely to fiercely compete to take the initiative in large Chinese industrial projects, including automobiles, on the occasion of Chinese Prime Minister Li Peng's visit to Seoul scheduled for Oct. 31-Nov. 4.

The business communities of the two countries will discuss ways of effectively operating a bilateral industrial cooperation committee to seek cooperation mainly in four key projects.

The projects involve car manufacturing, aircraft, automatic telephone switching systems and high definition TV.

Individual business leaders will also arrange visits to their plants by Prime Minister Li and his economic delegation to take the initiative in their respective areas, business sources said.

In particular, Daewoo and Hyundai are determined to make the most of Li's visit in a long-term plan to locate passenger car assembly plants in China. The Hyundai Group has agreed to build a plant capable of producing 60,000 commercial vehicles and Daewoo Group to build a plant capable of autoparts for 300,000 vehicles a year.

Hyundai Chairman Chong Se-yong and Daewoo Chairman Kim U-chung will brief Prime Minister Li and other ranking Chinese officials about their auto plants in site and in person.

The two business tycoons will also discuss ways of participating in the 800-cc [cubic centimeter] mini car project and in the assembly plant of passenger cars which will be open to foreign investors additionally.

Goldstar Information and Telecommunications, Samsung Electronics and Daewoo Telecommunications will compete to win the order for the introduction of automatic telephone exchange systems.

Last March, Korea agreed to provide \$40 million to help replace current Chinese telephone switching systems with automatic electronics systems.

On the other hand, Samsung, Hyundai, Lucky-Goldstar and other business groups will meet with the head of the Chinese Council for Promotion of International Trade (CCPIT) and other Chinese businessmen to discuss ways of investing in China.

Timed with Li Peng's Seoul visit, a 47-member Chinese economic delegation will arrive in Seoul today to attend the second joint session of the Korea-China Economic Council, according to the Korea Chamber of Commerce and Industry yesterday.

Zhen Hongye, president of the China Council for the Promotion of International Trade (CCPIT), will lead the delegation to the meeting scheduled for Nov. 1. KCCI President Kim Sang-ha will represent the Korean side during the meeting.

During their stay until Nov. 5, the delegates will meet with top executives of Samsung, Hyundai and other leading business groups and will tour Korea's major industrial complexes.

Stalled Air Negotiations With PRC Detailed

SK2710051494 Seoul *THE KOREA TIMES* in English
27 Oct 94 p 3

[By staff reporter O Yong-chin]

[FBIS Transcribed Text] The stalemate in negotiations between airlines of Korea and China, which is holding off the inauguration of regular flights between the two countries, may be cleared away through a government level contact likely to take place before Chinese Prime Minister Li Peng's visit here on Oct. 31.

A Transportation Ministry official said yesterday that a senior official of the Civil Aviation Administration of China (CAAC), a ministry-level government agency in charge of aviation affairs, will visit here as a member of an advance team to pave the way for Li's visit.

"The issue (delay of inaugural flights) will likely be dealt with in an informal atmosphere," he said, adding that China's airlines are under government control. "My understanding is that both Korea and China are also eager to resolve their differences as soon as possible."

"Once an agreement is reached for early inauguration, details will be easily worked out with representatives of Air China stationed here," he said.

A Korean airline official said that the Chinese official is to visit tomorrow. An aviation pact between the two countries, initialed last July in Seoul after more than two years of hard bargaining, will be signed during the Chinese premier's visit here.

In the meantime, the Transportation Ministry said that Korean Air (KAL) and Asiana Airlines of Korea and Air China of China have already submitted a request to continue as at present their charter flights for November, an indication that the two sides are bracing for no inauguration of regular flights next month.

KAL operates charter flights seven times a week from Seoul to Shanghai, while Asiana flies seven times a week from Seoul to Qiangdo on the same basis. The aviation pact replaces the present service with a regular and more expansive one, under which KAL will fly to Beijing five times a week and three additional Chinese cities, while Asiana will take over the Seoul-Shanghai route from KAL in addition to inaugurating four-flights-a-week service from Seoul to Beijing.

Standing in the way of the early opening of regular flights is what the Korean airline officials called an "unprecedented and outrageous" demand by their Chinese counterparts on a formula about how to compensate for Chinese airlines' lack of competitiveness.

The Chinese side demands that the Korean airlines lower the number of flights from Seoul to Beijing to seven from the nine agreed upon in the initialed aviation agreement. It also calls on the Korean airlines to pay 15 percent of a normal economy class fare per additional passenger they carry if the number of passengers they carry exceeds more than 20 percent that of China's airlines.

An aviation expert predicted that the Korean airlines would have to pay more than 5 million dollars of their "hard-earned" money a year to China if the Chinese demands were to be accepted in full.

The Korean side has dug in its heels on its initial proposal that they compensate if the passengers' numbers differ by more than 30 percent, its rate be 10 percent and the amount be based on the sum deducting commercial costs from an economy class seat fare.

The two sides recently met in Seoul only to confirm their wide differences on the compensation formula. The second round of talks were to be held on Oct. 24-26 in Beijing but the Chinese side passed the date without inviting the Korean side in a break with international protocol.

A Korean airline official said that there would be no sidestepping from its original position. "We had waited out the conclusion of an aviation agreement with China for more than two years. One or two months we are ready to go without regular flights. China is at fault and stepping over the line, that is clear for everybody to see," he said.

Traders 'Willing To Negotiate' With Japan

*SK2710053394 Seoul THE KOREA TIMES in English
27 Oct 94 p 8*

[FBIS Transcribed Text] Two out of three traders are willing to negotiate with Japanese suppliers of raw materials and semi-finished products to cushion import price hikes if the latter seek to raise prices as a result of the appreciation of the Japanese yen, the Korea Foreign Trade Association (KFTA) said.

This was revealed in a survey made of 100 traders in 26 sectors by the KFTA on the influence of the strong yen on Korean trade with Japan and countermeasures by Korean traders.

The survey shows that 65.5 percent replied that they would actively negotiate with Japanese manufacturers trying to minimize the effect of price hikes and 15.5 percent answered that they would substitute local products for Japanese supplies.

Only 7.1 percent replied that they would divert import sources to other countries if Japanese firms increased their export prices.

The survey report said that Korean companies are obliged to rely on Japanese raw materials and semi-finished goods much as there are few alternatives.

They import 17.9 percent of their raw materials and semi-finished products from Japan on average—15 percent in the farm and marine industry, 10.54 percent in light industry and 23.29 percent in the heavy and chemical industry.

If the Japanese yen is appreciated 10 percent against the U.S. dollar, import prices are expected to rise 3.79 percent on average, the survey reports.

The heavy and chemical industry will have to bear a 4.04 percent hike, light industry a 3.68 percent one and primary industry a 1.5 percent one, it said.

On the other hand, a 10 percent appreciation of the Japanese currency will boost exports of Korea 3.39 percent on average.

Export to Japan would increase 4.27 percent and those to other nations 3.25 percent.

Talks With Russia Suggested To Open Ferry Route

*SK2710015094 Seoul YONHAP in English 0108 GMT
27 Oct 94*

[FBIS Transcribed Text] Seoul, Oct. 27 (YONHAP)—The Korea Maritime and Port Administration has suggested maritime talks with Russia to discuss opening a direct car-ferry route linking port cities in the two countries.

An administration spokesman said Thursday [27 October] that Seoul has proposed to Moscow that they open a sea car-ferry route directly linking Korea's east coast port of Sokcho with Russia's Posiet, which is located in the Tuman River Estuary on the border with North Korea.

The spokesman said that another car-ferry route via North Korean ports would become available if full inter-Korean economic cooperation was achieved with a complete settlement to the North Korean nuclear issue.

In that case, the car-ferry route would link Sokcho to Posiet via North Korea's free economic and trade zone cities of Rajin and Sonbong.

Although North Korea allows legal entry by South Korean ships, in practice South Korean-flagged vessels cannot enter the country due to their stalled relations.

In April last year, local maritime transportation companies organized a consortium to push for the Sokcho-Posiet route, but their scheme bore no fruit due to the delayed Seoul-Moscow talks.

If the Sokcho-Posiet route were to open, visitors to northeastern China and Mt. Paektu would have a much more convenient means of transportation. Currently, South Korean tourists to Paektu and China's Hunchun city must use longer car-ferry routes in the West Sea such as Inchon-Dalian or Inchon-Tianjin.

Some 100,000 passengers used the South Korea-China car-ferry routes last year. The number has increased rapidly this year, with a total of 76,000 already by the end of June.

Firm Plans Sri Lanka Telecommunications Network

SK2710020994 Seoul THE KOREA HERALD in English 27 Oct 94 p 3

[FBIS Transcribed Text] Korea Telecom (KT) said yesterday that it has won a \$9.35 million contract to build telecommunications networks in Sri Lanka.

According to the contract signed between KT and Sri Lanka Telecom (SLT) in Colombo last Saturday [22 October], the Korean telecom giant is scheduled to construct about 4,650 telephone circuits in the northeastern Sri Lankan city of Trincomalee over the next 18 months.

KT is the first Korean telecom operator to advance into the Sri Lankan market.

The contract was concluded on a turnkey basis, which covers the whole construction process, including designing, provision, installation and maintenance training of the local engineers.

KT will take charge of financing and other general affairs of the project, while Samsung Electronics Co. will provide a TDX switching system.

KT, which has already advanced into the telecom markets of the Philippines, Vietnam, and India, is also seeking to participate in the telecom modernization projects in Madagascar and Central and South American countries.

Seoul Pledges \$500,000 To Boost Colombo Plan

SK2610030894 Seoul YONHAP in English 0214 GMT 26 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 26 (YONHAP)—South Korea pledged 500,000 U.S. dollars to boost self-revitalization of the Colombo Plan Wednesday [26 October].

Vice Foreign Minister Pak Kon-u made the pledge in a speech at the Colombo Plan's 35th consultative committee meeting that opened a three-day run in Seoul.

"Last year, Korea's ODA [expansion not given] amounted to over 170 million dollars, and we intend to increase that amount substantially in the years to come," Pak said in his inaugural address.

"As for assistance to the Colombo Plan, I am happy to announce that Korea will contribute 500,000 dollars to help finance its revitalization," he said.

The Colombo Plan, started in 1951 exclusively for economic development assistance to Southeast Asian countries, expanded to cover the Asia-Pacific in 1977 and currently has 24 members.

South Korea was a recipient of the plan's largesse, sending 5,000 people for technical training between 1951 and 1991—about 70 million U.S. dollars worth of assistance. Now it has become a donor nation, paying 90,000 dollars in financial contributions and providing trainers for other countries.

Saying expanded trade holds the key to the economic success of east and Southeast Asia, Pak called for a sharing of experience among developing countries, especially with fellow Colombo Plan members.

The contribution, the election of Dr. Kim Hak-su as bureau director and support for the Colombo Plan Staff College are all examples of South Korea's "willingness to share its expertise and resources with Colombo Plan member countries," he said.

More Consequences of Bridge, Lake Disasters

'Low Spirits' in Chongwadae

SK2610013394 Seoul THE KOREA TIMES in English 26 Oct 94 p 2

[By staff reporter Kim Sung-pok]

[FBIS Transcribed Text] As the saying goes, misfortune never comes alone. The tragic collapse of a Han River bridge, which claimed 32 lives, has been followed by a fire on a pleasure boat which left more than 20 people dead.

President Kim Yong-sam seemed in low spirits yesterday, much less the Chongwadae [presidential offices] staff. They were stony silent, refusing to make any comments.

Especially those in high posts did not know what to say about the series of corruption scandals, high-profile crimes and tragic accidents, that have hit the nation of late.

With this series of misfortunes haunting him, President Kim is prone to fits of anger and is at a loss of what to do.

About three hours before President Kim appeared on TV to make a public apology for the bridge collapse disaster, he was dealt another blow—the fire on a sightseeing boat in Chungju Lake, Chungchong-pukto.

President Kim had two events on his daily schedule yesterday. One was a lunch meeting to encourage exemplary savers on the occasion of Savings Day. The other was an interview with an Indonesia TV network ahead of

his visit there to attend the leaders' forum of the Asia-Pacific Economic Cooperation in mid-November.

The presidential office did not open the presidential activities to the media.

There were no press releases for either print or broadcasting media about Kim's Monday activities. He received the outgoing dean of the foreign envoys here and had lunch with the representatives of circulation business.

A senior aide to Kim said, "We do not want President Kim to appear on TV or make newspapers headlines for a while."

With regard to news reports, Chongwadae is not shy of venting its hard feelings.

The presidential office thinks that the media are making too much of crime- and accident-oriented news.

Another senior presidential secretary fumed, "I, as a staffer to President Kim, am bitter to see the media slight the presidential statement of apology, while making much of the fire on the boat."

The official complained that the media heaps criticism on Chongwadae for every crime and accident, although he admitted that the buck stops at the desk of President Kim.

Chongwadae officials also wore long faces as the news reports shed light on the fact that new Seoul Mayor U Myong-kyu, as former deputy Seoul mayor, was found to be in the chain of command when the danger of the collapse of a section of Songsu Bridge was first sounded.

The prosecution authorities have found evidence that Seoul City Hall was notified of the danger by an engineering consultant in April last year, overriding earlier flat denials by ranking officials at City Hall.

If U is found responsible for neglecting the warning, President Kim is likely to be criticized again for his appointment of U.

Safety Control Organization Formed

*SK2710091194 Seoul YONHAP in English 0839 GMT
27 Oct 94*

[FBIS Transcribed Text] Seoul, Oct. 27 (YONHAP)—The government on Thursday formed a central safety check control conference, chaired by the prime minister and joined by other related ministers and civilian specialists, in order to conduct safety examinations of facilities prone to serious accidents and to prepare preventive measures.

As working parts of the conference, a safety check control team was set up at the premier's office, central safety check countermeasure groups at the ministries, and local safety check countermeasure ones at local governments.

The prime minister's office issued instructions to that effect to concerned ministries and organizations the same day.

The civilian-official body will hold a regular meeting every month as well as sessions on demand, in which they are to confirm and examine safety checks and follow-up measures and to help settle problems with manpower, equipment and budget. The first session will be held around Nov. 11.

Meanwhile, the control team directly under the prime minister is composed of 20 officials and 15 civic advisors and will carry out planning, instructions and safety rechecks for the central government.

The safety teams under the ministries shall report their activities to the control team and those under the local governments to the ministries' safety team.

"Until the safety check system roots out problems, we plan to operate the consultative body for one year," said chief of the control team Kim Si-hyong, head of the premier's office of administrative coordination. "And we will report the safety teams' activities such as results and countermeasures on safety completely to the public."

Kim Strives To Reassert Control

*SK2710060594 Seoul YONHAP in English 0556 GMT
27 Oct 94*

[FBIS Transcribed Text] Seoul, Oct. 27 (YONHAP)—President Kim Yong-sam, left red-faced by the recent spate of major accidents, is striving to reassert control and begin the middle part of his term with new determination.

President Kim had led the country for 20 months, exactly one-third of his term, through last Tuesday since taking office on Feb. 25, 1993. He has now entered the middle third of his term, which ends Feb. 25, 1998.

The Constitution says that he can never run for the presidency again, so he must take great care during the remainder of his term if he wishes to go down as a "great president" in the eyes of history.

Kim's first 20 months began with sweeping reform but ended on a sour note with a couple of tragic accidents.

He carried out such reform as asset registration by public officials, the real-name financial transaction system, legislation of political reform measures and other policies in the early days of his presidency. Such policies were welcomed warmly by the people.

But now, after the recent occurrence of two major accidents, he is being criticized by the people for failing to reform officialdom sufficiently.

At least 32 people were killed and more than 23 injured in the collapse of a 50-meter center section of the Songsu Bridge on the Han river last Friday.

And on Oct. 24, just hours before President Kim was to apologize to the people for the bridge incident, another 29 people died in a fire that devastated a sightseeing boat cruising Chungju Lake.

A grave atmosphere hangs over Chongwadae [presidential offices], the presidential mansion, due to the accidents and the resulting criticism, but President Kim told his secretaries Wednesday to cheer up and get ready for the remainder of their time at the top.

Kim had called off almost all official events since Friday's bridge accident, but began attending official functions again Wednesday when the national sports festival opened in Taejon.

Apparently, the "fun" is just beginning: Chongwadae officials think the president may face difficulties in the second 20 months that are no less arduous than those he encountered in the first 20.

As for inter-Korean relations, the country's biggest pending issue, Kim has a chance to re-establish ties with North Korea as Kim Chong-il is expected to succeed his late father Kim Il-song.

The president also faces local autonomy elections next June 27, the national convention of the ruling Democratic Liberal Party (DLP) and the general election for the 15th National Assembly slated for May 18, 1996.

But first of all, he looks set to reorganize his secretaries, the cabinet and the DLP leadership to handle these upcoming events, according to Chongwadae officials.

One secretary said, "The Kim Yong-sam government will be judged by the people according to whether or not it can overcome expected or unexpected difficulties in the remaining days."

Kim seems almost certain to change personnel at Chongwadae, the cabinet and the DLP around the close of the regular National Assembly session in early December to improve his leadership and ability to perform overall national administration, Chongwadae officials said.

Subcontracting Probe Rescheduled

*SK2610130494 Seoul YONHAP in English 1246 GMT
26 Oct 94*

[FBIS Transcribed Text] Seoul, Oct. 26 (YONHAP)—The government has decided to look into the conditions of subcontracting by major contractors beginning next month.

O Se-mun, chairman of the Fair Trade Commission, said Wednesday the probe was originally slated for early next year but is to begin next month ahead of schedule influenced by the recent collapse of the Songsu Bridge.

He said that since his commission cannot inspect all the contractors at the same time due to manpower problems, those contractors presently engaged in subway construction will be probed in the first place.

"We suspect that the unreasonable way of subcontracting has been one of the major causes of flimsy construction works," O said.

Any contractors found to have given subcontracts in an unreasonable manner will be criminally sued, fined or otherwise sanctioned rigidly, the chairman said.

Motion To Dismiss Cabinet Viewed

*SK2710061894 Seoul YONHAP in English 0609 GMT
27 Oct 94*

[FBIS Transcribed Text] Seoul, Oct. 27 (YONHAP)—The main opposition Democratic Party (DP) submitted a motion Thursday [27 October] to the National Assembly recommending the dismissal of the 23-member cabinet led by Prime Minister Yi Yong-tok.

Accordingly, the legislature was to convene a plenary session Thursday afternoon to hear a report on the motion and will vote on it Friday.

This schedule was agreed Thursday morning at a meeting of the chief deputy floor leaders of the ruling Democratic Liberal Party (DLP) and the DP.

Following action on the cabinet dismissal motion, they agreed to resume the parliamentary plenary session next Monday to hear the premier's report on the Songsu Bridge collapse and interpellate the administration.

The National Assembly failed to meet this week due to controversy over the administration's follow-up steps to the Seoul bridge collapse and a pleasure boat fire on Chungju Lake, which together claimed a total of 57 lives.

The dismissal motion was submitted by 105 lawmakers—98 democrats and seven splinter new people's party members and independents.

In the motion, the opposition parties claimed that "The calamity of the Songsu Bridge collapse in Seoul, in which over 50 innocent citizens and students were killed or injured, was followed by a cruise boat fire on Chungju Lake, claiming a large number of lives. Citizens are thus not only shocked, but also stupefied."

Explaining their reasons for submitting the motion, they said: "Under the Constitution, the prime minister and other cabinet members must shoulder the responsibilities and duties of assisting the president and safeguard citizens' lives and property. Nevertheless, they have brought about the present overall crisis through incompetence and by indulging in deprived initiatives and complacency."

The ruling and opposition parties are slated to hold meetings Friday to iron out their strategies for the cabinet dismissal motion, prior to the vote.

Prosecution Decides Not To Indict Chon, No

*SK2610022294 Seoul YONHAP in English 0127 GMT
26 Oct 94*

[FBIS Transcribed Text] Seoul, Oct. 26 (YONHAP)—The prosecution decided Tuesday [25 October] not to

indict any of the 38 people accused in connection with the Dec. 12, 1979, "coup d'etat-like incident" including former Presidents Chon Tu-hwan and No Tae-u.

The prosecution stayed indictment of 29 "masterminds" and "positive participants" in the incident on charges of rebellion under Military Criminal Law. For nine simple participants, the prosecution ruled no right of arraignment on the grounds that the period of public action had expired under the statute of limitations and that a defendant had died.

A senior prosecution official said, "Charges of rebellion provided for in the military criminal code are acceptable in cases of 29 people, including Chon Tu-hwan and No Tae-u, who conspired, led, or actively participated in, the Dec. 12 incident but we have decided to reprieve their indictment in consideration of their contributions to the state as national leaders."

The decision of no right of arraignment was reached for eight others who joined the incident later or participated in a simple manner, including Chong Ho-yong, because of the expiry of public action period, the official explained. An identical decision was made for Paek Un-taek, then-commander of the 71st Army Reservists Division, as he is dead.

The criminal code stipulates 15 years of public action period for "active participants" in rebellions and seven years for "simple followers."

As a result, the prosecution's investigation of a suit against the 38 defendants on charges of insurrection and rebellion under the Military Criminal Law, filed in July last year, has come to an end.

The prosecution plans to make a final announcement on the outcome of its probe into the case around month's end.

New Trademarks Similar to Existing Ones Banned

SK2710014894 Seoul THE KOREA HERALD in English 27 Oct 94 p 8

[FBIS Transcribed Text] From 1996, new trademarks with similar color arrangements to existing symbols will not be allowed for registration even though their forms and letters differ from the latter.

The copyright period of general intellectual properties and computer programs, now set at 50 years after creation, will be extended to 50 years after proclamation.

Compulsory licensing, a system which enables a government to issue licenses for the use of patents without any agreement being reached between the patent holders when supply cannot meet demand at home and abroad, will be limited to only when domestic demand exceeds supply.

This strengthening of protection of intellectual property rights was decided yesterday at the second meeting to internationalize the domestic economy to prepare for the inauguration of the World Trade Organization next year. Vice Minister of Economic Planning Kang Pong-kyun presided over the meeting.

In this regard, the government will submit draft revisions on semiconductor layout and design to the ongoing National Assembly and promote revision of laws on trademark, patent and copyrights next year.

To streamline the government's support system of small- and mid sized businesses, it will remove an additional 97 business lines from the list of industries thus far exclusively set aside for small companies.

Debate Over Independence of Bank of Korea Viewed

SK2710015594 Seoul THE KOREA TIMES in English 27 Oct 94 p 9

[By staff reporter Cho Chae-hyon]

[FBIS Transcribed Text] The independence of the central bank is emerging as a hot political issue not only in banking circles but also in the National Assembly.

But the central bank faces an uphill battle because the ruling Democratic Liberal Party [DLP] and the Ministry of Finance [MOF] are strongly against it.

The issue was touched off not by the central bank itself but by the opposition Democratic Party [DP] and the Citizens Coalition for Economic Justice (CCEJ) who are pressing hard to revise the Bank of Korea [BOK] Act in the regular session of the National Assembly.

The CCEJ, the nation's most influential civic group, yesterday filed a petition with the National Assembly demanding the Bank of Korea Act be revised in order to ensure the central bank's neutrality. The appeal was made in the name of Kim Won-kil, a lawmaker of the opposition DP.

The DP, which has also advocated the independence of the BOK, is set to send its own bill aimed at revising the BOK Act to the National Assembly.

In order to guarantee the independence of the central bank from the government's influence, the DP's revision bill stipulates that the central bank governor, not the finance minister, should assume the post of chairmanship of the central bank's policy-setting Monetary Board.

Furthermore, the revision bill demands that the Act's codes giving the finance minister the right to fire the central bank governor should be abolished.

At present, the central bank governor is named by the president after receiving a recommendation by the finance minister. The DP's bill, which seeks to upgrade the status of the Monetary Board, claims that the governor should be elected by the Monetary Board.

The ROK remembers the bitter experience in 1989 when an opposition party bid to revise the Act was frustrated by then ruling party.

Now almost exactly five years later the issue of central bank neutrality is again drawing attention of lawmakers.

Financial analysts argue that central bank policy should be independent from the government's influence in order to keep monetary control mechanisms, the most important factor in stable economic growth, on the right track.

Central bank officials privately say that the Ministry of Finance should adopt a hands-off policy in connection with the central bank.

They are raising their voices for independence but seem to be very passive then it comes to actual action.

To the embarrassment of the many central bank officials, the current status of the BOK is far from being high even in the eyes of foreign financial experts.

A series of reports released by international press and research institutes have given poor grades to the BOK in connection with its neutrality.

The Swiss-based International Institute for Management Development (IMD) ranked the BOK's neutrality in 64th place of the 71 nations surveyed.

The degree of the central bank's contribution to the nation's economic development also was ranked 40th out of 41 nations in the IMD's world competitiveness report.

In addition, Global Finance, a famous financial magazine in the U.S., also gave poor grades to the BOK's Governor Kim Myong-ho, in its report about 29 central bank governors worldwide.

After looking at the central banker's inflation-fighting resolve, management of interest rates, foreign exchange intervention to protect the currency, and effectiveness in forestalling market panic or shoring up the banking system, the Global Finance gave Kim Myong-ho a grade of C, which put him below 20th ranking among the 29 central bank governors.

The magazine said, "The Bank of Korea has no independence; everything is decided by the reform-minded President Kim Yong-sam and his economic team." BOK's Effort for Independence [subhead]

After the release of the reports, senior BOK officials tried to downplay the embarrassing results, raising questions about the authenticity of the two reports although they admitted to the backwardness of central banking.

They said the low grades given to the BOK were not because the BOK has been wrong in implementing policies but because it has never been independent.

The International Monetary fund has recently urged Korea to tighten its monetary control in order to achieve a sustained stable economic growth.

The central bank also is well aware that the inflationary spiral, which shows no signs of abating with the government favoring high economic growth, will continue to haunt the Korean economy, as long as the central bank is pressured by the government to pump out money in the name of boosting the economy.

However, as the BOK is under the control of the Ministry of Finance, the central bank has had difficulty in keeping its monetary target, with politics coming ahead of the economics.

Despite the need for the central bank's independence, senior BOK officials, reluctant to make a noise, are taking a wait-and-see attitude rather than press hard for it.

Junior BOK officials privately say that senior officials including executives are short of the will to attain neutrality.

As senior officials remain passive, the union at the BOK is mounting its own call for independence. The union has issued a statement accusing the MOF of not releasing its control on financial institutions including the BOK because of "selfish" interests.

The union vows to continue to fight for the independence of the central bank but appears to believe that the lack of central bankers' willingness to take a stand is one of the big stumbling blocks on the road to independence.

In addition, most central bank officials, seemingly disappointed when Pak Chae-yun was named finance minister, believe that Pak's taking the helm of the MOF will make it more difficult for the BOK to realize its neutrality.

Pak has been at the forefront of opposition to the central bank's independence even when he was a member of the Monetary Board in the late 1980s.

Pak adhered to his consistent stance that the central bank should be under the control of the government when lawmakers grilled him on the question at the National Assembly's financial committee early this month.

Despite the increasing demand for the central bank's independence, the prevailing perception among financial analysts is that it will take a considerable time for the BOK to free itself from the government's influence, given the MOF and the ruling DLP's strong stance against it.

KCCI on Autos, Steel, Electronics Industries

SK2710052494 Seoul THE KOREA TIMES in English
27 Oct 94 p 8

[By staff reporter Sa Tong-sok]

[FBIS Transcribed Text] The automobile, electronics and steel industries will lead Korea's economic growth during the fourth quarter of this year, boosted by rising demand both at home and abroad, the Korea Chamber of Commerce and Industry (KCCI) said in its latest report on industrial activity yesterday.

With the global economic recovery, the current economic upswing will continue through next year thanks to brisk activities in Korea's major industries, the report said.

THE KCCI, however, expressed worry about the protracted downturn in the light industrial sector, saying it is likely to hamper the country's balanced economic development.

"Light industries such as footwear and apparel have been suffering from a protracted downturn over the last five years. Even during the first half of the year, growth in the light industrial sector remained at about 2 percent in sharp contrast with bullish activities in heavy and chemical industries," a KCCI official said.

According to the report, the auto industry is expected to enjoy a strong perk-up during the Oct.-Dec. period, bolstered by brisk exports to the United States and other major markets and impressive productivity improvements. Auto output in the final quarter of the year will rise 17.9 percent over a year ago to over 700,000 units. Exports will surge 16.5 percent to 260,000 while domestic consumption will reach nearly 450,000, up 16.6 percent.

The rosy prospects for automobiles in the fourth quarter sharply contrasts with the July-Sept. period, when the auto industry suffered from a downturn. Car production in the third quarter of the year rose a meager 5 percent to 503,000 and both domestic consumption and exports were in the doldrums during the period.

Despite the won's appreciating trend and a flurry of anti-dumping rulings in Europe, the report said, the electronics industry will witness a continuing upsurge in production, domestic consumption and exports. Electronics output during the Oct.-Dec. period was forecast to rise 13.4 percent to 9.13 trillion won. Exports will soar 17.4 percent to 7.4 billion dollars while domestic consumption will amount to 2.32 trillion won, up 6.1 percent.

The report estimated steel production for the fourth quarter at 9.53 million tons, up 10.4 percent over the same period in 1993. Domestic consumption will surge 20.2 percent to 8.12 million tons while steel exports were seen falling 7.8 percent to 2.3 million tons.

Samsung Group Announces Restructuring Plans

SK2710070794 Seoul YONHAP in English 0655 GMT
27 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 27 (YONHAP)—The Samsung Business Group announced a set of

restructuring plans drawn up at a group presidents' meeting Thursday [27 October] to coordinate its business structure and reorganize the company through mergers and disposal of affiliates.

According to the announcement, the group will be divided into four core business fields—electronics, machinery, chemicals, and finance and insurance—to achieve business specialization, self-reliance and responsible management.

Toward that end, the group will combine 10 affiliates with others and sell off 16 sister companies. In doing so, Samsung's affiliates will drop to 24 from the current 50.

In addition, it plans to free the CHUNGANG DAILY NEWS completely from the group before 2000.

Company officials said, "These coordinating and reorganizing plans were prepared to meet the government's politics, which ask for business specialization and decentralization of big conglomerates' property, and to concentrate more on our 21st century strategic business projects which will have synergy effects on each other."

Kim Urges National Unity at Athletic Meeting

SK2710091094 Seoul YONHAP in English 0819 GMT
27 Oct 94

[FBIS Transcribed Text] Taejon, Oct. 27 (YONHAP)—President Kim Yong-sam, in an address delivered at the opening ceremony of the 75th National Games, called for national unity among Koreans living both at home and abroad while exhorting his brethren "to explore a great era of the Korean nation through inter-Korean reconciliation."

The annual national sports event officially opened at the Taejon municipal stadium Thursday afternoon, with 22,000 officials and athletes from 15 cities and provinces, five provincial regions now in North Korea and 12 ethnic Korean communities overseas attending.

Noting that the national athletic meeting comes in the wake of the Hiroshima Asian Games, where South Korea captured second place in the medal standings, the chief executive expressed hope that the event "will become an arena providing courage and hope to all the people who are anxious to take off anew."

He reminded the athletes that their nation is living in "an era of total competition" and declared: "We must win in the severe international competition, and I firmly believe that we can do it."

Among the nation's achievements, the president cited the creation of Hangul, the Korean alphabet, the invention of metal type and manufacture of iron "turtle ships," and Korea's emergence as one of the major semiconductor producers in the world. "Based on such

resources and creativeness, we should march forward into the world and the future," Kim asserted.

Referring to the fact that taekwondo has been adopted as an official event at the 2000 Sydney Olympics, the chief

executive said: "The globalization we pursue does not envisage an unconditional accommodation of things foreign, but developing anew things of our own." President Kim then urged the athletes "to enhance our national culture to a universal world culture."

Brunei, Malaysia & Singapore**Malaysia****Mahathir on EAEC, Results of Visit to Japan**

*BK2510150394 Kuala Lumpur Radio Malaysia
Network in English 1300 GMT 25 Oct 94*

[FBIS Transcribed Text] Datuk Sri Dr. Mahathir says the East Asia Economic Caucus, EAEC, may go on without Japan if the rest of the founding members agree to host it. The prime minister indicated this at a news conference at the Kuala Lumpur International Airport in Subang on his return from a five-day working visit to Japan. He observed that the Japanese public have very little understanding of the EAEC. Datuk Mahathir said he came to this conclusion from the questions posed to him by Japanese journalists. Questions such as why the EAEC is opposing the Asia-Pacific Economic Cooperation, APEC, and why Malaysia is anti-APEC were asked by Japanese reporters. This shows that the idea of EAEC is not well disseminated in Japan. The prime minister was of the view that Japan might also be under pressure from some countries opposed to the EAEC not to join the caucus. He said it will be alright if Japan can join the EAEC later.

Bosnian, Croatian Prime Ministers on Visit**Mahathir Meets With Premiers**

*BK2610140994 Kuala Lumpur Radio Malaysia
Network in English 1300 GMT 26 Oct 94*

[FBIS Transcribed Text] Malaysia signed bilateral trade agreements with Bosnia and Croatia to promote close economic ties with the two Balkan states. Malaysia was represented at the signings by the minister of international trade and industry, Datuk Sri Rafidah Aziz, while the two states were represented by the Bosnian minister of trade, Dr. Nikola Grabovac, and the Croatian minister of economy, Nadam Vidosevic. The signings were witnessed by the prime ministers of the three countries at the Prime Minister's Department in Kuala Lumpur this evening.

Earlier, Datuk Sri Dr. Mahathir held an unprecedented six-eyed meeting with his Bosnian and Croatian counterparts, Dr. Haris Silajdzic and Nikica Valentic. The meeting lasted about 40 minutes. The three prime ministers later joined the tripartite delegation meeting. The two Balkan prime ministers are on a four-day joint visit to Malaysia. They arrived yesterday evening.

Briefing newsmen on the meeting, Foreign Minister Datuk Abdullah Badawi said Malaysia believes that establishing close economic cooperation with the two countries will effectively help them in their reconstruction and development.

The three countries will now identify projects for further cooperation. Datuk Sri Dr. Mahathir also agreed to send

two Malaysian representatives to join the Agency for Reconstruction and Development of Bosnia-Herzegovina. The request was made by the Bosnian prime minister. One of them will sit on the board of the agency headed by the Bosnian president, while the other will take up the post as the agency's director for strategic planning. Malaysia has also agreed to offer help to the two states which may be facing food shortage during the coming winter.

Trade Agreements Signed 27 Oct

*BK2710073694 Kuala Lumpur Voice of Malaysia in
English 0600 GMT 27 Oct 94*

[FBIS Transcribed Text] Malaysia has signed trade agreements with Bosnia-Herzegovina and Croatia paving the way for Kuala Lumpur to help redevelop the two war-torn Balkan countries once peace is restored. International Trade and Industry Minister Datuk Sri Rafidah Aziz signed on behalf of Malaysia while Bosnia was represented by its Trade Minister Dr. Nikolai Grabovac and Croatia by its Economy Minister Nadam Vidosevic. The signing was witnessed by Prime Minister Datuk Sri Dr. Mahathir Mohamed and his Bosnian and Croatian counterparts, Dr. Haris Silajdzic and Nikica Valentic.

The two Balkans leaders arrived on Tuesday for a four-day working visit at the invitation of Datuk Sr Dr. Mahathir.

Commentary Views Investment Potential

*BK2610103394 Kuala Lumpur Voice of Malaysia in
English 0810 GMT 26 Oct 94*

[Station commentary]

[FBIS Transcribed Text] It is difficult to imagine trade and investment activities can be undertaken in Bosnia-Herzegovina and Croatia. Foreign investors [words indistinct] of setting up shops in this troubled land. No doubt, the former Yugoslavia has been ravaged by war. But, actually, it is only a small portion of the land, especially Sarajevo that is affected. Of course, the security situation in Croatia is better than in Bosnia, the latter being more affected by the civil strife. Nevertheless, plans are in the pipeline to develop commercial activities in areas far away from the front line. It is a preparation for the day when war will end and honor and glory can be restored to this once proud nation.

This is the message that the prime ministers of both Bosnia and Croatia have brought during their current visit to Malaysia. When that day comes, there is much that Malaysian businessmen can do to help reconstruct the shattered Bosnian economy. Far away from where the actual fighting is taking place, the Bosnian Government has set aside an extensive area to be turned into a free trade zone. This area is very much at peace. Although there is no access into Bosnia directly, Croatia will provide that access through their seaports on the

Adriatic Sea. It is their airports which will serve as a gateway to Bosnia. The airports in Bosnia cannot be used due to the United Nations declaring a no-fly zone. Credit should go to Croatia for joining hands with Bosnia in striving to determine a better future for all. This is despite the fact that there were some problems between them during the war.

At least initially, Malaysian investors could establish operations in Croatia and, if and when the war ends, expand into Bosnia. The potential is bright, for the International Monetary Fund, IMF, itself has provided credit facilities to the tune of U.S. \$280 million to Bosnia. Both countries are also accepting some aid from their neighboring countries.

There are some attractions to invest here. For instance, in Croatia, there is zero inflation which will make it very competitive for Malaysian investors. Some of the potential areas include shipbuilding, food processing, electronics, leather products, vehicle assembly, and textile manufacture. There are also opportunities to develop the oil and gas in both countries. Croatia is expected to sign a trade pact with Malaysia, while Bosnia will sign a trade protocol agreement with Malaysia, which will eventually lead to a trade agreement. The message by the leaders of both countries is simple and that is not to write them off as far as trade and investment is concerned. Peace will prevail one day.

Malaysian entrepreneurs should try to build contacts which can act as a foundation for trade expansion in the future. Malaysia has done much to help (end) the sufferings of the Bosnians, especially through its peace-keeping forces. In the words of some Bosnian officials, it is hoped that these soldiers will return to Malaysia fast and come back to Bosnia as tourists in the not too distant future.

Minister Supports Taiwan's Entry Into WTO

BK2610141194 Kuala Lumpur BERITA HARIAN in Malay 21 Oct 94 p 5

[Report by Isa Nikmat]

[FBIS Translated Text] Malaysia supports the entry of economically dynamic countries, including Taiwan, into the World Trade Organization [WTO], previously known as the General Agreement on Tariffs and Trade.

Accordingly, Malaysian entrepreneurs, especially the National Automobile Industry Limited [Proton] are urged to seize opportunities to export their respective products to Taiwan on a long-term basis.

Datuk Sri Rafidah Aziz, minister of international trade and industry, said Taiwan's membership in the WTO should, however, take into account several aspects, including greater market access and the issue of Chinese membership. She dismissed reports by foreign news agencies that Taiwan will import 1,500 Proton cars if Malaysia supports its bid to join the WTO.

"The two issues are separate and such a deal has never been offered to us (Malaysia). They (Taiwan) may think that way, but for us, the two issues are separate.

"Proton cars are to be distributed in Taiwan on a commercial basis (between the relevant companies or businessmen)," she said when asked to comment on the reports after officiating a session on seeking capital in the Asia-Pacific region in Kuala Lumpur yesterday.

Rafidah said the Taiwan Government had cleared the import of Proton cars as part of its efforts to meet various preconditions before joining the WTO.

She said the Malaysian Government had discussed the opening of the Taiwan market, but the export of Proton cars to Taiwan is a matter for the relevant companies to deal with.

Rafidah thus said it is up to Proton to explore the high potential of the car market there. The relevant businessmen are making preparations, including how to set up a distribution network in Taiwan.

According to her, several Taiwanese businessmen, including automobile distributors, already showed interest in importing Proton cars two years ago.

Government Allows Citizens to Visit Jerusalem

BK2610145094 Kuala Lumpur NEW STRAITS TIMES in English 25 Oct 94 p 1

[Report by Tengku Sariffuddin and Sharifah Fatimah]

[FBIS Transcribed Text] Kuala Lumpur, Mon.—The Government has decided to allow Malaysians to visit Baitulmuqadis (Jerusalem) for work or religious purposes, Deputy Foreign Minister Datuk Dr Abdullah Fadzil Che Wan said. The Government was willing to consider applications by Malaysians to visit Baitulmuqadis for these purposes but not to other areas in Israel, he told the Dewan Rakyat [Lower House] today.

He said there was no change in Malaysia's policy with regard to Israel despite the peace initiatives it was working out with the Arab States and the Palestinian Liberation Organisation.

Malaysia will give recognition only after the Government is satisfied that Israel has implemented all United Nations resolutions and conditions in the PLO-Israel peace accord.

"Israel needs to prove its sincerity by carrying out its commitment in the peace process with the Arab countries and PLO," he said in reply to a question by Wong Wing On (DAP [Democratic Action Party]-Kampar).

Replying to another question, Dr Fadzil said Malaysia hoped the United States would pull out its troops from Haiti as soon as peace and stability were restored there.

Replying to Mohamed Kamal Hassan (BN [National Front]-Lembah Pantai) on Malaysia's stand over the US

invasion of Haiti, he said the action was taken after the US had obtained the approval of the United Nations Security Council last July. He said the US action in Haiti was in accordance with Chapter Seven of the United Nations Charter to overthrow the military junta and restore Jean-Bertrand Aristide as President.

Cambodia

Ranariddh Comments on Cabinet Reshuffle

BK2710091294 Phnom Penh CAMBODIA TIMES in English 23-29 Oct 94 pp 1, 2

[Report by T. Mohan and Uk Kimseng—all quotation marks as published]

[FBIS Transcribed Text] Phnom Penh—The new cabinet line up, especially that pertaining to the Ministry of Finance and Economy, and the Ministry of Commerce and Industry, is meant to enhance the cohesiveness of the Council for Development of Cambodia (CDC).

As such with the appointment of Keat Chhon, the Vice Chairman of the CDC as Minister of Finance and Economy; Chanthol Sun, the Secretary General of the CDC as the Secretary of State for Finance and Economy, as well as the appointment of Cham Prasit as the Minister of Commerce, the workings and interministerial relationship between the CDC and the ministries is expected to be enhanced.

First Prime Minister Prince Norodom Ranariddh when speaking to the media after the cabinet reshuffle was voted in unanimously said, "By the end of this year, a mere four months after the establishment of the CDC and the investment law, the nation would have attracted at least US\$500 million in investment."

"These are in contracts and implemented projects, not memorandum of understandings and pledges. This is better than what ICORC [International Conference on Reconstruction of Cambodia] had raised (US\$870 million) in two years which were in pledges and technical assistance."

He added, "The Finance Minister, Sam Rangsi will be appointed as my financial adviser on international relations, if he agrees.

I am quite satisfied with the performance of Sam Rangsi. But there is no complete unity between the said Ministry and the CDC. I would like to have the same man to handle the affairs of the CDC."

"Secondly, 80 per cent of the people are farmers who are living in the countryside. We have to improve their poverty situation. This is through the improvement of agriculture and rural development.

Therefore, rural development and agriculture has to work hand in hand. As such with Hong Sun-huot and

Tav Senghuo from the same party, and as Ministers, it will work much better and benefit the nation," Prince Ranariddh said.

He added that the European Union and the United Nations Development Programme were concentrating on rural development and Malaysia, Philippines and Indonesia were keen to help in this area.

"The third objective is to boost tourism. However, boosting tourism will have to be done without affecting the environment and culture.

Therefore Ministries of Tourism, Environment and Culture must be able to work closely together in this respect," he said. The reshuffle involved the following:

- 1) Ministry of Finance and Economy:
Minister: Keat Chhon
Secretary of State: Sun Chanthol
- 2) Ministry of Trade and Commerce:
Minister: Cham Prasit
Secretary of State: Lu Laysreng
- 3) Ministry of Tourism:
Minister: Veng Sereivut
Secretary of State: Thong Khon
- 4) Ministry of Agriculture, Forestry and Fishery:
Minister: Tav Senghuo
Secretary of State: Chhea Song
- 5) Ministry of Rural Development:
Minister: Hong Sun-huot
Secretary of State: Yim Chhaili
- 6) Ministry of Environment:
Minister: Mok Maret
Secretary of State: Soeng Oeum
- 7) Ministry of Culture and Arts:
Minister: Nut Narang
Secretary of State: Prince Sisowath Panara Sirivut
- 8) Ministry of Health:
Secretary of State: Di Narongrit
- 9) Ministry of Industry, Mines & Energy:
Secretary of State: It Prang
- 10) Ministry of Public Works and Transportation:
Secretary of State: Tram Iv-toek
- 11) Ministry of Interior:
Secretary of State: Ho Sok
- 12) Council of Ministers Secretariat:
Secretary of State (Public Affairs Secretariat): Prak Sok
Minister Designate: Nhim Vanda.

KR Condemn Removal of Sam Rangsi, Sirivut

BK2710112394 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 26 Oct 94

[Communique issued by the spokesman of the "Ministry in Charge of the Situation and Labor in Phnom Penh and the Cities" of the Provisional Government of National Union and National Salvation on 25 October; place not given]

[FBIS Translated Text] 1. On 20 October 1994, communist Vietnam, the aggressor, displayed its giant face and might by staging another coup d'etat to seize total and despotic control over everything. The legislative body or the National Assembly, is 100 percent owned by communist Vietnam; the executive body or the government is 100 percent owned by communist Vietnam; the army, the police, and all types of civilian administrations are also 100 percent owned by communist Vietnam. It never allows any force to remain as a hindrance. Anyone who refuses to surrender or accept its policy to sabotage national reconciliation and peace and its policy to exterminate the Cambodian race are discarded.

2. Communist Vietnam's action is aimed at eliminating FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] politically and organizationally, once and for all; at terminating absolutely the two-headed government politically and organizationally, leaving only the Vietnamese with their cone-shaped hat to stay behind; and at abolishing the constitutional monarchy forever.

Communist Vietnam continues to enforce its most fascist law by arresting, imprisoning, torturing, or massacring the masses and people, especially the students and youths who refuse to surrender to it, in accordance with its strategy of killing and exterminating our Cambodian race. It has intimidated, threatened, and kicked out FUNCINPEC personalities such as Sam Rangsai and Sirivut, and it has pressured and run out on the king.

3. Nevertheless, the action actually shows that communist Vietnam has its back to the wall as Vietnam itself, the villainous Western alliance, and the two-headed government are suffering growing defeats and in all sectors and fields, and are about to collapse. Specifically, during this 16th rainy season, our entire nation and people in the countryside and Phnom Penh and abroad went at them with hammer and tongs from all directions. Particularly, the people's warfare of the peasants swept away communist Vietnam's civilian administrations at various villages and communes.

During this 17th dry season and in the future, our entire nation and people in the countryside and Phnom Penh and abroad, together with the Provisional Government of National Union and National Salvation [PGNUNS] will continue to fight arduously to achieve the sacred wish of our entire nation and people to achieve genuine national reconciliation and peace, and for the survival of our race. The people in rural areas, especially the seven million compatriot peasants, have taken part more vigorously in the guerrilla and people's warfare, in particular the people's warfare, to sweep away and root out communist Vietnam's covert and overt civilian administrators from their villages and communes completely. The people of Phnom Penh, especially compatriot students and youths, continue to actively carry out all kinds of struggles, such as small-scale guerrilla warfare, to fight the administrations that belong completely to communist Vietnam. As for compatriot Cambodians overseas,

they continue to actively make all kinds of contributions to the national liberation struggle.

4. The PGNUNS condemns communist Vietnam for its monopoly and despotism, its political and organizational destruction and elimination of FUNCINPEC, and its fascism against the Cambodian nation and people. The provisional government lends its full assistance and support to and will actively participate in the struggle of our entire nation and people in the countryside and Phnom Penh and abroad to save the nation, people, and our Cambodian race.

[Dated] 25 October 1994

[Signed] Spokesman of the Ministry in Charge of the Situation and Labor in Phnom Penh and the Cities of the PGNUNS

Government Decides To Annul Sam Rangsai Orders

*BK2710110794 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 26 Oct 94 pp 1, 11*

[FBIS Translated Text] The Royal Government quickly decided to annul 12 late orders by Sam Rangsai, former minister of economy and finance, to appoint new customs officers, promote some Finance Ministry and Customs Department officials, and move some customs officers from one post to another.

The co-prime ministers on 24 October signed Sub-Decree 67 to nullify a number of orders by the Ministry of Economy and Finance issued at the 11th hour by Sam. This Sub-Decree 67 knocked off 93 would-be customs officers who had just received Sam's approval on 15 and 17 October.

It was widely rumored that in order to be enlisted as customs officers, each had to spend thousands of dollars in payoffs, and maybe this was one of the reasons behind the government's decision to "kill" them. There were four notices signed by Sam to appoint customs officers on 15 and 17 October, namely:

- Notice 290 dated 15 October, transferring 12 government officials to the Customs Department.
- Notice 292 dated 15 October, transferring 57 to the Customs Department.
- Notice 300 dated 17 October, transferring 22 to the Customs Department.
- Notice 311 dated 17 October, transferring two to the Customs Department.

Furthermore, the same Sub-Decree 67 also blocked the appointment or transfer of customs office heads and promotion of petty customs officers to higher grades involving 15 officers nominated by Sam. There were three pertinent notices, namely:

- Notice 293 and 299 dated 15 October, dealing with the transfer of government officials.
- Notice 306-308-309 dated 17 October, dealing with the appointment and transfer of six customs officers.

—Notice 310 dated 17 October, dealing with the transfer and appointment of five officers of the Customs and Excise Office.

Moreover, the same sub-decree also nullified Notice 291 dated 15 October, on the establishment of an overland customs and excise office. According to the plan, this office, to be set up at Chaom Chau on Route 4, would be outfitted with a depot built by the private sector where goods would be inspected and taxes levied.

Notice 302 dated 17 October, by which Sam abrogated his own signature on 15 October, also was declared null and void.

The same sub-decree of the two co-prime ministers said: The Royal Government decided to annul the 12 latest orders by Sam because he acted urgently on matters not so urgent.

The CAMBODIA TIMES issue 101 of 23-29 October also revealed that there was vast evidence showing that Sam was preparing a plot against the co-prime ministers and that he and his wife had had secret contacts with the Khmer Rouge.

Paper Claims Rangsi May Have Committed 'Treason'

BK2710053794 Phnom Penh CAMBODIA TIMES in English 23-29 Oct 94 pp 1, 2

[“Exclusive” report by M. H. Tee and Seng Charlie]

[FBIS Transcribed Text] Phnom Penh—Sam Rangsi, the Minister of Finance and Economy, has allegedly committed treason. If allegations that he had covertly met with Khmer Rouge representatives without authorization from his superiors are proven his loyalty will be questionable.

The CAMBODIA TIMES has learned that these are some of the reasons which had contributed towards Rangsi being dropped from the cabinet. He had reportedly resorted to demagoguery and had allegedly hurled wild accusations against the Cambodia People's Party, a member of the ruling coalition, for supposedly threatening his life and that he needed a dozen bodyguards to protect him.

The Minister, who is also a State Minister, was implicated in a series of intercepted facsimile transmissions which have reportedly revealed that he and his wife were allegedly involved in covert activities against the Royal Government.

One intercepted transmission says, “Three Khmer Rouge delegates came to see them (the Sams) at their home last week (before June 22), including Tep Khun-nal. They want to keep in touch with them knowing that they are out for peace.”

This meeting came at a time when the Royal Government was about to pass a bill in the National Assembly to outlaw the Khmer Rouge faction.

Rangsi was one of the few at the National Assembly to vehemently oppose the passage of the draft although he later relented and voted for it after securing assurances of human rights protection.

Another message dated June 21, 1993, from a Japanese named Y. Fujita, states, “Rangsi's wife phoned from Bangkok to say that she had come out there to do three things 1) to meet a Thai timber businessman to receive copies of a letter and other documents which Prince Ranariddh and Hun Sen had written to the Thai Prime Minister authorizing the Cambodian Defense Minister and the Army to export timber to Thailand; 2) to send the so-called documents directly to the King in Beijing; and 3) to talk to Fujita and Ken Saeki to inform them of this.

The message also alleges that what the Co-Prime Ministers did as being not only against the law, but also shows the autocratic ways in which the Co-Prime Ministers are stealing and selling the national wealth.

The implication is that the Co-Prime Ministers were common thieves and autocratic in their governing.

The documents also revealed that they (the minister and wife) had planned to distribute several purportedly incriminating documents to selected media which would embarrass this nation and the Co-Prime Ministers.

The message also advised them (the Sams) to keep quiet and let the problem (pertaining to the new logging agreement) to be dealt with between the international community and the two Prime Ministers rather than with the cabinet ministers.

The CAMBODIA TIMES has also reliably learned that the Minister had allegedly attempted to incite students earlier this year to demonstrate in support of him for the purported fight against corruption and against cowboy investors here. However this has not been proven.

He had also reportedly recruited at least 70 customs officials on his own accord and at least three of them were from the Medical faculty. The whereabouts or postings of the 70 officials is not known.

In yet another facsimile transmission dated 30th July, sent by Fujita from Caux, Switzerland, to Ken Saeki in Thailand, purportedly meant for onward transmission to Rangsi is reported to have said, “Handing over your resignation will not prevent the government from taking the wrong decisions and it will be said that your resignation resulted from a personal misunderstanding between your boss and yourself or something similar.

“In order to prevent the government from achieving their aim and in order not to reduce to nothing all you have done so far through great pain and many risks, the

best tactic would be to inform the international community of the Government's new intentions on timber export and on the use of international aid."

"Becoming a mere MP would soon deprive you of international protection, especially with an office located in a dangerous provincial area where murders are frequent and can easily be reported as a Khmer Rouge initiative or an act of banditry."

"We realize how tough and exhausting is your task but your people need this constant sacrifice of yours. We are thinking very much about you, and your wife and family," excerpts from the message relating to the Minister and his wife, said.

Treason Allegations Discounted

BK2710111694 Phnom Penh THE CAMBODIA DAILY in English 25 Oct 94 p 8

[Article by Matthew Lee]

[FBIS Transcribed Text] After this past weekend, serious English-speaking newspaper readers in Phnom Penh have only two papers to choose from in good conscience.

While it has stooped to great depths before, THE CAMBODIA TIMES has never done more to denigrate the ideals of fair reporting and a responsible press than it did in its latest issue (October 23-29), which hit the streets Sunday.

In a front page article labeled "EXCLUSIVE," the TIMES, using no evidence other than several "intercepted facsimile transmissions," accused former Finance Minister Sam Rangsi and his wife, Deputy Governor of the National Bank, Somura Chulong, of treason.

While careful to use the ultimate journalistic escape clause "allegedly," it is clear that the evidence the TIMES claims to have or have seen is not enough to warrant the banner headline "Allegations of Treason."

In fact, the "evidence" presented by the TIMES is so vague that the use of the word "treason" at all would represent grounds for a libel in just about any other country in the world.

Rangsi and his wife are accused of meeting with Khmer Rouge delegates in their home, "allegedly" to tell them that the Co-Prime Ministers acted illegally when they secretly gave the timber concession to the Ministry of Defense, planning to embarrass the prime ministers by leaking "purportedly incriminating documents" and inciting students to demonstrate.

Even if the charges are true, there are major problems with the way the TIMES reported the story, not the least of which is that the paper relies on intercepted faxes, which, even if they exist, were not even written by the accused or addressed to them.

In an extremely rare circumstance, the faxes might be able to be used as corroborating evidence but only if, and

it is a big if, the TIMES also had some firsthand evidence, something akin to what is known in the trade as a "smoking gun."

But as the TIMES reported the story, the intercepted faxes are worthless as evidence of any kind. They amount to hearsay and the TIMES should know, as it has railed against irresponsible reporting in the past, it is ethically unsound to allege any charge against anyone on the basis of hearsay.

Other problems, that should be apparent to even the densest of readers but apparently overlooked by the TIMES' editors, include the failure to allow the accused to respond to the charges (or include their "no comment"), the absence of an explanation of whether the charges actually constitute treason in the first place and the fact that the paper admitted to reporting, without any sourcing, an unproven allegation (Rangsi's inciting the students).

Of course all the charges are unproven and newspapers have a responsibility to print allegations of wrongdoing by public officials if they have evidence to do so, but to admit to printing a complete rumor without even an "intercepted facsimile message" to back it up is a slap in the face to responsible journalism.

Whether the editors of the CAMBODIA TIMES know it or care, with their Sunday edition, they have finally destroyed their newspaper's most valuable asset—its credibility.

In seeking to support the government's cabinet reshuffle, which may or may not have been a good move, the TIMES has trampled over basic ethics, may have libeled a man and his wife, and should have convinced all English speaking newspaper readers to stop paying it more than an initial glance.

Son Sann: Vietnamese Presence 'Mortal Danger'

BK2710092194 Phnom Penh THE CAMBODIA DAILY in English 25 Oct 94 p 6

[FBIS Transcribed Text] Son Sann, dean of the National Assembly and president of the Buddhist Liberal Democratic Party, yesterday labeled the alleged presence of Vietnamese here a "burning" question and encouraged people to realize the "mortal danger" they posed to Cambodia. In a statement dated October 24 and entitled "SOS Cambodia," Son Sann explained that the Vietnamese had created a "state within our state, with entire networks composed of their cadres and chiefs who receive instructions from their country." Among other crimes, they were the authors of the "K5 Plan," which conscripted Khmers into building a "wall of bamboo" on the malarial Thai-Khmer border. Thousands of diseased victims had migrated back and transmitted malaria throughout Cambodia, he added. He did not provide any further medical evidence.

Thai Stance on Dealing With Khmer Rouge Welcomed

BK2610124494 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 25 Oct 94

[Political commentary: "A Positive Step Worthy of a Welcome"]

[FBIS Translated Text] According to Thai newspaper PHUCHATKAN's 21 October issue, Thailand recently called for National Security Council [NSC] meeting to discuss the implementation of the bill outlawing the Khmer Rouge as proposed by the Royal Government of Cambodia [RGC]. It also promised to cooperate with Cambodia to confiscate Khmer Rouge assets in Thailand if the Cambodian Government has sufficient documentary proof.

It should be recalled that Thailand convened a third NSC meeting in 1994 chaired by Thai Prime Minister Chuan Likhai, and attended by other high-ranking officials such as the Thai Foreign Minister, the Thai Army Chief, and the Thai Supreme Commander. Sources quoted the NSC secretary general after the meeting as saying that they discussed an idea that would be applied to the Khmer Rouge outlawed by the RGC on 7 July. The meeting agreed that Thailand will be just to the Cambodian Government and Cambodia, as it does not ally itself with the Khmer Rouge. Thailand does not have ties with the Khmer Rouge to the extent of providing facilities for its transit through Thailand. The meeting further stressed that the Thai Government will discuss with its Cambodian counterpart the administration and protection of various concessions that Thai private businessmen have received from the Khmer Rouge, particularly its assets in Thailand. The Bank of Thailand will agree to cooperate if the Cambodian Government issues written messages. In addition, the meeting said fighting between the Cambodian Government and the Khmer Rouge should be considered as Cambodia's internal affairs and that the Khmer Rouge will not be allowed to use Thai territory as an operational base.

The Cambodian people, who have just emerged from a chronic war that lasted more than two decades, consider Thailand's stance as positive, and welcome it most strongly. We highly value a good neighbor's good and constructive spirit. This position of the Kingdom of Thailand has contributed immensely to further strengthening traditional friendly bilateral relations. At times, these ties have been strained due to the connections with the Khmer Rouge, and despite the Royal Thai Government's declaration of support for the government born of a free and democratic election. Even the United States recently threatened to reduce its training aid for Thai officers.

The Royal Thai Government has now made its stance clear. Ties between our two countries will no longer be

troubled. Furthermore, Thailand's clear position has provided good conditions for the rehabilitation and development of the country through the elimination of the outlawed rebels.

Everyone knows that when they are under fierce attacks or have been defeated, the Khmer Rouge always sneak to the other side of the Cambodian-Thai border. Out of respect for the sovereignty and territorial integrity of neighboring countries by the Khmer Royal Armed Forces, the Khmer Rouge have escaped elimination, only to sneak back later on to cause destruction to the people and the nation. Therefore, if the Royal Thai Government does not allow the rebels to cross the border, these rebels will have nowhere to hide and will certainly disappear this coming dry season.

4,000 KR Troops Reportedly Ready for Attack

BK2710091994 Phnom Penh THE CAMBODIA DAILY in English 24 Oct 94 p 7

[FBIS Transcribed Excerpt] Some 2,000 Khmer Rouge troops and a further 2,000 reinforcements are taking up positions along the perimeter of Battambang Province in preparation for their dry-season offensive, a top Battambang official reports guerrilla defectors as saying.

"According to three guerrillas who defected in Bavel District last Tuesday, the Khmer Rouge aim to take several districts and hold them during the dry season," Battambang Chief of Police Pan Noy said by telephone yesterday.

In addition, up to 60 villagers in Bavel and Mounng Russei districts had been conscripted by the guerrillas to haul ammunition, Pan Noy reported.

Battambang troops had scoured the districts searching for the armaments after being notified by other villagers, but had been unsuccessful in locating their arms caches, he added. [passage omitted]

Indonesia**Soldiers Dismissed for Desecrating Timor Church**

BK2510122594 Jakarta REPUBLIKA in Indonesian 19 Oct 94 p 16

[FBIS Translated Text] Dili, REPUBLIKA—Private First Class Nurcahyo Wahyudi and Private Second Class Bakhrul Ulum have been dismissed from the Armed Forces of the Republic of Indonesia [ABRI] for their involvement in the Remexio incident. The verdict was passed by a military court in Dili on Monday (17 October).

The trial session, which proceeded the whole day, was attended by hundreds of visitors. Also present were the local Army, Navy, and Air Force commanders; the local police chief; the Dili District chief; the Dili City mayor; and youth leaders.

Presiding Judge Lieutenant Colonel H. Pakpahan from the Army Judiciary Corps, who was assisted by Police Captain Paulo de la Martin and Aviation Major Daniel Parinding as members of the Council of Judges, said the two men no longer deserved to be ABRI personnel after consideration of all the extenuating and aggravating factors.

"After an investigation, the two men were found guilty of serious offenses—desecrating a church, which is a holy place for the Roman Catholics; creating a public disturbance; and disobeying their superior," Pakpahan said in his verdict.

In addition to being sacked from the ABRI, the two soldiers were also jailed for criminal offenses. Bakhrul Ulum from the Engineering Battalion of the Sixth Brawijaya Military Region and Nurcahyo Wahyudi from the 123d Battalion of the First Bukit Barisan Military Region were sentenced to two years and six months and two years in jail respectively.

The Remexio incident, which took place on 28 June, stemmed from the curiosity of Bakhrul and Nurcahyo over a mass marking the 78th birthday of Pastor Eduardo Daaretto at the Remexio Church. "We also wanted to congratulate him," the two suspects said during the trial session.

As usual, the mass was marked by a communion. The parishioners lined up to get the "eucharistic bread." However, for Bakhrul in particular it was something out of the ordinary. As a result, he felt awkward and later smiled. Some parishioners quietly trailed behind him until he went out of the church.

He later threw up the eucharistic bread. Parishioners, who were monitoring him from the interior of the church, later spread news about the misconduct of the two ABRI personnel. A mob numbering hundreds found the misconduct unacceptable and accused the two men of insulting their religion. Bakhrul was mobbed. However, the life of the unfortunate soldier was saved after security forces shot into the air four times.

Accordingly, the two suspects were found guilty of committing offenses mentioned in Articles 156a, 174, 178, and 242 (3) of the Criminal Law as well as in Article 103 of the Military Criminal Law. The Remexio incident, which caused concern among the East Timor Roman Catholics, was considered finished following the trial of the two suspects.

Increased Surveillance Reported in East Timor

LD2610145794 Lisbon RDP Antena 1 Radio Network in Portuguese 1200 GMT 26 Oct 94

[FBIS Translated Excerpt] The Indonesian secret services are increasing their surveillance in East Timor to avoid any surprises during the APEC [Asia-Pacific Economic Cooperation] conference, to be attended by President Clinton and hundreds of international journalists—some of which are likely to visit East Timor.

Francisco Timotio, a Timorese contacted in the interior of the territory by RDP International, confirmed this and added that the Indonesian military services are searching for guerrilla leaders in the territory.

[Begin Timotio recording] The Indonesian soldiers—there are about 13 battalions here at this time—are carrying out major operations in the eastern areas, in the area of Los Palos. They are trying to capture Tito Cristovao, the (?deputy) chief of staff. The same thing is happening in Hatolia. They are looking for our comrade (?Father) Ernesto.

As for the military situation in the villages, there is an intensification of surveillance by (?INTEL) agents and by military personnel who are disguised as clothes sellers—they are all disguised. [end recording]

[Announcer] [passage omitted] Timotio added that the secret services are increasingly more vigilant and therefore it will not be possible to prepare a surprise during the APEC conference.

[Begin Timotio recording] There are increased troop movements because I think it was promised that 200 journalists attending the APEC meetings in Jakarta will be allowed to visit Timor. So there is intimidation now so that later no one will dare go near the journalists to talk. [end recording]

Those were statements from the interior of East Timor obtained by RDP International.

Editorial Views Lao President's Visit, Relations

BK2610124294 Jakarta KOMPAS in Indonesian 18 Oct 94 p 4

[Editorial: "The Lao President's Visit and the Economic Cooperation Obsession"]

[FBIS Translated Text] Laos, unlike Vietnam and Cambodia which are frequently highlighted in the news, has not been receiving as much coverage by the mass media even though the three countries belong to the Indochinese grouping.

Laos, a small nation with a small population, has not received as much media attention as Vietnam and Cambodia, who are constantly beset with political and military conflicts.

As another Southeast Asian country, we are constantly enthusiastic to learn more about the developments in that country and its neighbors from time to time as part of our effort to further deepen mutual understanding and cooperation.

We sincerely hope that Lao President Nouhak Phoumsavan, 78, who is currently visiting Indonesia from 17-22 October, will lead his country's development and progress. The Lao president's visit provides momentum

for further growth of mutual understanding and upgrading of bilateral economic cooperation for mutual benefit.

As developing nations, Laos and Indonesia can learn from one another's developments which can provide more knowledge about achievements and challenges that lie ahead.

Obviously there is a contrast in the sociopolitical conditions of Laos and Indonesia, but the obsessions of the two countries remain identical, that is, how to further accelerate economic development. Indonesia has reached a stage where there is a need to further uphold its continuous development, while Laos is still in a transitional stage filled with challenges.

Similar to the former East European communist states or certain Asian countries which still advocate the communist system, Laos is currently reforming its centralized economic system to that of the market economy. But like China and Vietnam, Laos has yet to embark on political and ideological reforms. The communist system is still advocated to ensure the existence of its legitimate power.

Laos can be integrated into the global economy by taking a step forward in conducting economic reforms. Without economic liberation, the country will find it difficult to adapt itself to the economic globalization process which emphasizes privatization and free trade.

It was encouraging to note that Laos started its economic reform in 1986 in coordination with the introduction of perestroika [preceding word in English] and glasnost [preceding word in English] in its communist motherland, the former Soviet Union.

Laos rapidly began an open-door policy in 1989 with the collapse of the Soviet Union. Assistance ceased to flow into the country from its partners due to the impact of the collapse of communism in East Europe.

Laos has practiced an open-door policy for the last five years while attempts to strengthen its economic base have been carried out for the last eight years. Then what are the results?

Only after the centralized economic system has been totally abolished can the basis and further enhancement of Laos' economic development be endeavored. The country's development will be dynamic, as can be observed by its eight percent annual economic growth rate. Exports will also increase.

As a country which has just discarded its centralized economic system, we surmise that Laos will definitely face numerous obstacles in keeping abreast of the market economy system. The country will obviously face mental and structural challenges.

Unemployment is seen as the most conspicuous problem faced by countries which have discarded their centralized economic system. In the communist system, the provision of employment is the responsibility of the government.

The Lao population is currently facing challenges regarding spiraling prices and unemployment. But on a long-term basis, Laos will be able to cope with and adapt themselves to the market economy system.

We are happy that Laos, along with other Southeast Asian nations, is currently undertaking the acceleration of its economic development and making more efforts to further enhance bilateral cooperation. Currently, relations among Southeast Asian nations are strengthening with the dissolution of suspicions in connection with politics and ideologies following the end of the Cold War. Past tensions have been replaced by mutual interest toward further enhancement of development and economic cooperation.

The regional ASEAN organization, which was previously opposed to Indochinese countries because of their different ideologies, is currently accepting them. Besides, we now know that Indochinese countries are eager to become ASEAN members.

We consider the Lao president's visit a positive step to further deepen mutual understanding and widen bilateral economic cooperation. We can visualize the positive impact it will provide for the other Southeast Asian countries if the economies of the regional countries continue to further develop and widen.

Economic progress will also create awareness for the importance of democracy, respect for human rights, and justice. Backwardness and poverty are grounds for frustration, aggression, and distrust.

Philippines

Ramos on Saudi Arabia Visit, Economic Gains

BK2610102094 Quezon City PTV-4 Television Network in English 0649 GMT 26 Oct 94

[Weekly news conference by President Fidel V. Ramos with domestic and foreign correspondents at Malacanang Palace in Manila—live]

[FBIS Transcribed Excerpt] [passage omitted] [Unidentified correspondent] Sir, if you may go back to your Saudi visit.

[Ramos] Yes?

[Correspondent] What exactly is the role of Saudi Arabia in resolving the Moro National Liberation Front issue, if it has a role at all?

[Ramos] Oh, it has a very important role. In the first place, we consider Saudi Arabia as the most influential member of the ICO, or the Islamic Conference Organization. But beyond that, on the record, Saudi Arabia has always provided the moderating and the mediating and their peacekeeping influence within that organization towards various conflicts all over the world involving Muslims.

We also see Saudi Arabia as being very important to us in the economic sense. It is the primary source of our crude oil imports. It is also the temporary home of 750,000 Filipinos. And so, the total influence of Saudi Arabia in terms of the peace process in the Philippines, in terms of the five other members of the so-called Committee of Six now chaired by Indonesia, which is the executive arm of the ICO, as well as its membership in the ICO itself is of tremendous importance to us.

[Correspondent] Thank you, Sir.

[Press Secretary Jesus Sison] Last question from....

[Ramos] May I just insert this, with your permission Mr. Fred [Fred Lobo, one of the correspondents].

We would like to inform you that we have written a letter of goodwill to the president of the Islamic Republic of Iran, President 'Ali Akbar Hashemi-Rafsanjani, who was in the Asia-Pacific area last week. Now, he and I tried to connect through a telephone connection but we just couldn't jibe our respective schedules. And so that conversation did not take place. So, in turn I have written him a letter just to assure him of the goodwill and the support of the Philippines in terms of our mutually beneficial activities, including the peace process.

[Lobo] Good afternoon, Mr. President. Allow me to ask a political and somewhat spiritual question, Mr. President. At the Law Asia this morning Mr. President, you again reiterated that you will not resort to authoritarianism, nor to constitutional mangling. What is the Solomonic significance of such manifestation Mr. President, aside from reassuring your good friend Cardinal Sin?

[Ramos] Actually, I was thinking of energy, the economy, and democracy when I made that statement because if you read the speech very carefully—and I'll be happy to give you a copy of this—we are telling our foreign friends, and there were about 26 nationalities represented in that convention, that we can make the Philippine economy grow under a democratic framework. It takes a lot of doing. We will have to undergo some difficult and even painful transitional steps. I think we have already passed through the more difficult parts of the process. And I think through the performance of the Philippine economy during the last six months that we have proven our point. And this has in fact been the subject of many commendatory opinions and assessments by the world financial community.

But aside from the economy, if you will recall, I also said that we are pursuing a social reform agenda so that the benefits of economic growth can be spread out even to the ordinary people. And this is what I call democratizing wealth in the Philippines. And then at the end, I said that this energy sector, this group of eminent lawyers from Asia and the Pacific that are focusing on energy matters can do a lot to provide a greater degree of

cooperation especially in energy matters because energy does not recognize national boundaries.

We have this project between Malaysia and Thailand on one hand, and they're going to cross the border so that they can bring hydro to some other countries. And then there is this matter of the natural gas again which must be piped across boundaries, etcetera, etcetera. So, I think that is the context in which you will see the strong messages about the Philippines. [passage omitted]

Communist Chief Blamed for Talks Failure

BK2710112594 Manila PHILIPPINE DAILY
INQUIRER in English 24 Oct 94 pp 1, 5

[Commentary by Nathan F. Quimpo: "Joma Sison Blamed for Talks' Collapse"]

[FBIS Transcribed Text] *The author was formerly with the Communist Party of the Philippines' [CPP] International Department. He joined the underground movement in 1970 and was detained thrice by the Marcos regime. He sought political asylum in the Netherlands in April 1990. Now based in Europe, he has questioned the revolutionary strategy advocated by alleged CPP Chair Jose Maria Sison. In the wake of the collapse of the peace talks between the CPP and the government, Quimpo offers some insights into why this has happened.—Ed. [Editor]*

An obsession with an outmoded concept known as the recognition of belligerency status on the part of Jose Ma. Sison, de facto chair of the Communist Party of the Philippines, appears to be the immediate cause of the collapse of the peace talks between the government and Sison's National Democratic Front [NDF].

When the exploratory talks between the government and the NDF were resumed in Breukelen, The Netherlands, in June, many observers—including those within the Left—wondered what Sison's CPP/NDF still hoped to achieve through the peace negotiations.

A negotiated political settlement was out of the question. With his repeated declarations on the primacy of armed struggle and on "total victory" as the goal of the CPP/NDF's "protracted people's war," Sison had already precluded a political settlement of the long-standing armed conflict between the government and the CPP/NDF.

For Sison, the peace talks, in effect, were merely a tactic in the "protracted people's war," paving the way for eventual "total victory." From Sison's own writings on the peace process in 1990-92, it can be gleaned that among the concrete tactical gains he had hoped to achieve were: recognition of the status of belligerency for the NDF, the release of political prisoners, and scoring propaganda points against the government on certain immediate issues.

After the split within the CPP/NDF in 19-1993 [as published], however, even making tactical gains had

seemed more and more like a pie in the sky. By the beginning of 1994, Sison's CPP/NDF was in its worst negotiating position. Its ranks had thinned considerably. From a peak CPP membership of around 33,000 in 1986-87, the CPP had shrunk to a little over 20,000, with only half still under Sison's control and the other half belonging to the "rejectionists."

Even before the split, the number of New People's Army fighters, firearms, and military actions had been declining, and the mass base, by Sison's own admission, had contracted by 60 percent. The hemorrhage had continued and even accelerated after the split.

Under such circumstances, how could the NDF still hope to gain belligerency status or chalk up propaganda victories? The release of at least some political prisoners—including very prominent ones—was already happening.

This, however, was not in any way due to the NDF's strength at the negotiating table, but in fact to its weakness—a weakness that the Ramos Administration was shrewdly exploiting to project the image of being the side really serious about peace.

With its prospects of making tactical gains dimming, would the NDF simply find some excuse for withdrawing from the talks sooner or later? This seemed like a good prognosis.

But no. It now appears that Sison and his followers went to Breukelen and De Bilt not because they simply wanted to make a graceful exit from the negotiating process but because they actually thought that they could still come away with concrete gains in their bid for gaining the status of belligerency.

The term status of belligerency did not appear in any of the NDF papers presented in Breukelen and De Bilt, but this was actually what Sison was gunning for. The pursuit of belligerency status lay at the core of the NDF's positions on the issue of security and immunity guarantees as well as the issue of the venue of the negotiation proper. It was precisely the disagreement between the government and the NDF on the issue of security and immunity guarantees that led to the breakdown of the talks.

Under international law, there are supposed to be three levels of internal armed conflict: rebellion, where the hostilities or disturbances are localized, usually limited in duration and normally dealt with by a state's police forces; insurgency, where the hostilities cover a wider area, last for a longer period and may necessitate intervention by the state's military forces; and, belligerency, where the relationship of the two parties to a dispute becomes like that between two warring states.

The insurgent force achieves the status of belligerency when this is declared or recognized either by the state it is fighting against or by other states. Before 1949, the international laws of war applied only to states and

armed movements which had already achieved belligerency status and not to mere insurgents or rebels.

Nowadays, however, the doctrine of recognition of belligerency status has fallen into decline. There have been few internal armed conflicts with explicit recognition of belligerency along traditional lines.

States—those up against insurgent forces as well as third-party states—have very rarely made an express acknowledgment in order to retain as wide a room for maneuver as possible.

In recent times, revolutionary movements like the FMLN [Farabundo Marti National Liberation Front], African National Congress, and Palestinian Liberation Organization have not bothered to seek explicit recognition of belligerency status or to make much of a fuss about it in the course of peace negotiations. For them, belligerency status was not all that important in achieving a negotiated political settlement.

A major factor behind the decline of the recognition of a belligerency concept is that certain international agreements, notably the Geneva Conventions of 1949, have established basic rules of war which apply to internal conflicts. Hence, even rebellion and insurgency have now come within the ambit of the international laws of war.

Just as he adheres to outdated concepts of revolutionary strategy and of an alternative society, Sison clings to the outmoded concept of the recognition of belligerency status.

In 1986, after the NDF signed a memorandum of agreement with the Aquino Administration on safety and immunity guarantees, Sison, using the pen name Pat-nubay Liwanag, criticized the NDF negotiators in an internal CPP document for, among other things, assenting to a provision that the agreement "shall not invest the NDF with the status of belligerency under the laws of war."

He believed that through this single clause, the NDF had deprived itself of belligerency status and that this had amounted to "the political surrender of the NDF." Very much worried about "NDF's self-diminution," he even urged that the NDF be transformed into a Provisional Revolutionary Government [PRG] so that it could then lay aside the offensive agreement and seek to acquire the explicit status of belligerency.

In his critique, Sison mentioned how such matters as security and immunity guarantees and the venue of negotiations could have been used to promote the acquisition of belligerency status. According to him, the NDF "should have insisted on the mutuality of safety and immunity guarantees and tried as far as possible to have its own political authority implicitly or explicitly recognized..." (Underscoring supplied).

Asserting that the NDF "should have insisted at least on a clause or a phrase which allows negotiations in a foreign country," Sison clarified that the main point in shifting the venue outside the Philippines was to acquire "the explicit status of belligerency" and "be on a principled equal footing with GRP [Government of the Republic of the Philippines]."

Interviewed by AMPO magazine in Japan in 1987, Sison said: "It is necessary for the talks to be conducted elsewhere because for the NDF and all other revolutionary forces to gain the status of belligerency, at least, there should be one country serving as mediator and formalizing in the eyes of international law the status of belligerency that properly belongs to the revolutionary movement."

Since 1986-87, Sison seems to have changed his mind about immediately transforming the NDF into the PRG, but not about acquiring recognition of belligerency status. In his highly controversial "Reaffirm Our Basic Principles and Rectify the Errors" (1992), Sison declared: "The NDF is a belligerent force in the civil war and not a mere insurgent force. It cannot negotiate with the reactionary government if not on an equal footing under international law."

From what actually transpired during the De Bilt talks, it is now clear that the NDF's negotiating stance and game plan had rigorously followed Sison's 1986-87 pronouncements.

In De Bilt, the NDF panel, supposedly headed by Luis Jalandoni with Sison as "consultant," sought not only to prevent a repetition of "NDF's self-diminution" but even to try to gain at least an implicit recognition of belligerency status.

In the discussions on safety and immunity guarantees, for instance, the NDF panel, stressing "the principles of mutuality and reciprocity," insisted on the equal right to extend such guarantees and issue safe-conduct passes.

In the 1986-87 negotiations, only one side—the government—had been extending safety and immunity guarantees and issuing safe-conduct passes to the other. Sison and his followers probably thought that they could get away with what—to them at least—meant an implicit recognition of belligerency status or something that approached this.

But Sison's ploy was too obvious. In the first place, why had the NDF insisted on equal right to issue safe-conduct passes when it had previously announced that it wanted talks held outside the Philippines? In such a case, there would have been no need for the NDF to be issuing passes.

The government panel easily saw right through Sison's maneuver. It was bound to elicit the reaction that it did.

Not surprisingly, the government side rebuffed what it termed "the NDF's unreasonable claims to full equality with our Republic."

The pursuit of belligerency status also lies behind Jalandoni's proposal of having Geneva, Switzerland, as the venue of the official talks or the negotiations proper. The issue of venue was supposed to have been one of the next items in De Bilt. Here it must be pointed out that the De Bilt talks and all previous exploratory talks in the Netherlands did not involve the Dutch Government or any other government. One of the main reasons the NDF did not agree to talks being held in Vietnam last year was that the Vietnamese Government related only with the Philippine Government and refused to have official contacts with the NDF.

Sison and company apparently expect Geneva to be different. As early as 1991, upon the NDF's request for support for the Philippine peace process, the Swiss Government had offered its good offices to both the Philippine Government and the NDF.

If Geneva were to be the venue for the talks, Sison's game plan would probably have been to try to actualize Switzerland's "good offices" role and perhaps even to upgrade the Swiss role to that of mediator in the talks.

But Sison would probably not have had his way. Even if the Philippine Government had agreed to Geneva as venue, it is unlikely that it would have agreed to a "good offices" or mediator role on the part of the Swiss Government as it has repeatedly stated its objection in the past to efforts which it deemed as "internationalizing" the internal armed conflict in the Philippines.

The NDF's pursuit of belligerency status did not just begin at De Bilt. It dates back to 1990 when the CPP/NDF still had not split and the NDF actively sought the support of governments, international governmental entities like the United Nations and the European Parliament, and international NGOs [nongovernmental organizations] for the Philippine peace process.

The campaign for endorsement of the peace process scored several important gains such as two European Parliament resolutions on the issue and the Swiss "good offices" offer.

In the course of this campaign, however, a disagreement arose within the CPP/NDF on whether the NDF should only aim for tactical gains in the peace negotiations or adopt a strategic view of the peace talks and seriously open itself to a negotiated political settlement short of "total victory."

Adherents of the latter, including this writer, were not averse to achieving a certain level of international recognition settlement. Unfortunately, the "Leader's" view prevailed.

The collapse of the peace talks was bound to happen. As this writer has pointed out in previous articles, given the framework of "total war" of the Ramos Administration and "total victory" of Sison's CPP/NDF, the peace talks did not have much of a chance.

While the immediate cause of the collapse of the talks was the pertinacious pursuit of Sison and the NDF of belligerency status, impasses would have cropped up any time along the way as a result of the narrow framework of one side or of the other or both.

It still remains the responsibility of those desirous of a truly just and lasting peace to maintain or even increase pressure on the two sides to get the peace process out of the "total war" and "total victory" quagmire.

Government's Peace Talks Strategy Questioned

BK2610113494 Manila MANILA STANDARD in English 24 Oct 94 p 8

[Editorial: "Too Many Peace Tables"]

[FBIS Transcribed Text] After the collapse middle of this month of the peace negotiations between the government and the National Democratic Front [NDF], the umbrella organization of the Communist Party of the Philippines [CPP], the New People's Army and the left-leaning groups, Malacanang announced it would hold talks with breakaway factions operating in the Philippines.

The talks with the NDF leaders based in Utrecht, the Netherlands broke up when the government objected to giving the communist front "equal status", meaning recognizing its sovereignty in parts of the country it allegedly controls.

As a result, the government is now turning to factions of the NDF which have declared their independence from the Utrecht leadership headed by Jose Maria Sison, CPP president. These factions are reportedly a revisionist group based in Luzon and a "neutral" one based in Mindanao.

Now, Senator Santanina Rasul would have the government also negotiate with the Moro Islamic Liberation Front [MILF], which is currently engaged in terroristic activities in Central Mindanao. The MILF is a break-away faction of the Moro National Liberation Front [MNLF], which is negotiating peace with the government.

In the past 10 days, the MILF had gone on a terroristic rampage that left over 50 persons killed. Obviously alarmed, Sen. Rasul, chairman of the Senate committee on Mindanao affairs, called on the government to find a way to bring the MILF into the ongoing peace process, in effect hold peace talks with them. The government, she said, cannot afford to ignore the MILF terrorism, but she apparently had no idea how the terrorist group could be brought to the peace table. No one, it seems, has come up with a solution to the problem.

The MILF, led by Hashim Salamat, broke away from the MNLF, headed by Nur Misuari, during the early days of martial law when the Muslim secessionist movement was at its height in Mindanao. The rift, according to

reports, was caused by differences in strategy and tactics between the two leaders who were then in the Middle East drumming up interest in their cause among their Muslim brothers.

Nur Misuari prevailed. He was recognized as the Muslim secessionist leader by the Organization of Islamic Conference, which later gave the MNLF the status of observer. Misuari also received financial help from Muslim heads of state, particularly Col. Mu'ammarr al-Qadhafi of Libya.

Hashim Salamat evidently was left out in the cold. He bided his time until recently when his followers sowed terror in Central Mindanao.

According to insiders, however, the schism was less due to strategy than to the ethnic origins of the two leaders and their respective groups. Misuari is a Tausug, the tribe of those living in Sulu and Tawi-Tawi, while Salamat is a Maguindanaon from the two Cotabato provinces.

The two tribes traditionally have no love lost for each other. The Tausugs, a warlike people, do not look up to the Maguindanaons, who are generally better off because they are artisans and go for education.

Bringing them together across a table for peace talks with the government will be a difficult task. But perhaps more important is the wisdom of talking to so many groups of rebels in the peace process.

For what is to prevent even non-ideological parties, mere bands of scamps like the so-called "lost commands," military and civilian, from going into a rampage and demanding to negotiate peace with the government? The peace process could become a carnival with too many tents.

Thailand

Amendment to Friendship Treaty With U.S. Urged

BK2610102394 Bangkok SIAM POST in Thai 26 Oct 94 p 17

["Economic Corner" column by "Banchakit": "Do Not Allow the United States To Take Advantage"]

[FBIS Translated Text] Prime Minister Chuan Likphai's status has risen since U.S. President Bill Clinton expressed his desire to meet with him at the Asia-Pacific Economic Cooperation summit next month in Indonesia. This is because of Thailand's audacity in seeking an amendment of the Thai-U.S. Friendship Treaty concluded in 1968 to give national treatment to U.S. businessmen.

It is a fact that the treaty's contents are outdated and incompatible with the evolution of the world economy following the conclusion of the GATT negotiations. GATT members are in the process of establishing the

World Trade Organization in 1995 to launch a new era of trade in which the world will begin to phase out trade protectionist regulations that have hindered global economic development for decades.

However, it appears that the United States has refused to accept the changes that have taken place. The treaty may have been suitable 20 years ago when Thailand extended U.S. businessmen the same privileges it gave to Thai nationals. At that time the United States was the leader of the free world fighting to contain the rapid spread of communism. Thailand was a target of the communist bloc, and thus had to do everything to protect its interests by appeasing the United States in all its sometimes ugly demands.

The situation has changed since the friendship treaty was concluded in 1968. It is correct for Thailand to amend or abrogate the treaty. How can Thailand give privileges only to the United States when it has to trade with other countries as well?

If the treaty is retained, what will Thailand do if its trading partners such as Japan, Australia, and the European Union, demand the same privileges given to the United States one day. Japan, in particular, has the largest investment in Thailand but has less privileges than the United States, whose investment is much smaller.

In mid-1994, an Australian Government representative called on Commerce Minister Uthai Phimchaichon to ask that Australian investors be given the same privileges as their U.S. counterparts. The commerce minister declined politely but could not explain the reasons convincingly.

Known for upholding legal principles in national administration, the Chuan government should not bend to the United States which often pressures Thailand with the General System of Preferences [GSP] privileges or baits it by promising removal from the Watch List. Thai exporters now have sufficient production and export capabilities and thus need less GSP benefits. On the Watch List, the United States has said many times that it would remove Thailand from the list quickly once Thailand passed an intellectual property law.

It should be the legitimate privilege of Thailand to amend the friendship treaty. Thailand should uphold the right principles and should not bow to the United States which always seeks to exploit it.

Military Role in Cambodian Coup Examined

BK2610102794 Bangkok *THE NATION* in English
26 Oct 94 p A6

[Commentary by Yindi Loetcharoenchok: "Govt, Army Moves On Coup A Surprise"]

[FBIS Transcribed Text] Prime Minister Chuan Lik-phai's weekend decision to set up a committee to investigate the alleged complicity of some Thai authorities in the abortive July coup in Cambodia was a big but a rather late surprise.

Likewise, Army Commander-in-Chief Gen Wimon Wongwanit's announcement last Wednesday that the Army has put three of its officers "on probation pending punishment" for making a private visit to Cambodia during the coup attempt was deliberately made only when emerging evidence was likely to embarrass the military and tarnish its reputation.

Although the two Thai leaders have repeatedly and flatly denied that either the government or the military were in any way involved in the putsch, their drastic moves suggest a de facto acceptance that some Thai authorities could possibly have a hand in the affair, as suspected or alleged by the Cambodian government.

The Cambodian government, which has been holding all the aces, did not budge on its suspicion of Thai involvement and decided to proceed with a trial of nine Thai suspects who have been detained in near-incommunicado for nearly four months since the July 2 coup.

The group was recently charged with illegally carrying and transporting weapons and participating in a plot to overthrow the elected government, and will stand in a military court tomorrow. They could face up to 30 years in jail if convicted.

Although the nine detainees could eventually be granted a royal amnesty, as widely speculated, and deported back to Thailand to mark Cambodian King Sihanouk's birthday on October 31, the secrets behind the coup plot, especially those involving Thailand, still remain to be unveiled.

Apart from the nine detainees, Phnom Penh had submitted a list of 14 other Thais whom it wants to interview to acquire more information about the power grab. The group, which is believed to know or hold crucial information, sneaked out of Cambodia illegally during the coup.

The list, which was distributed by the Thai Foreign Ministry, included Army officers who have been traveling regularly between the two capitals and were in Phnom Penh at the time of the coup attempt, and disgruntled businessmen who have lost out financially after their "unfair" economic contracts were revised by the current elected Cambodian government.

According to several informed Thai government sources, Phnom Penh has a short list of six—four businessmen and two Army officers—whom they want most to interview. All of them have claimed innocence of the coup, and some have expressed their willingness to talk to Cambodian authorities to give their accounts of their flights and their presence in Phnom Penh.

The sources identified the businessmen as Pol Lt Col [Police Lieutenant Colonel] Adun Bunset, a former New Aspiration Party MP; Kraiwat Siwuthiwong, a business broker and a key managing member of International Broadcasting Corporation (IBC) Cambodia Limited;

Thanongsak Surathananan, manager of Hightech Antenna Co which was hired by IBC to install equipment in Cambodia; and Thanongsak's brother-in-law Santi Makserikun. Both Adun and Thanongsak announced in Bangkok shortly after the coup that they are willing to give their accounts of innocence.

The two other officers are identified as Col Wiwat Wisanuwimon and Col Suphong Sichamnong, who are close aides of Gen Charan Kunlawanit, secretary-general of the National Security Council.

Interestingly, Col Suphong is one of the three Special Warfare Centre Army officers against whom Army Commander-in-Chief Gen Wimon has taken disciplinary action. The two others are a lieutenant colonel and a sergeant. The punishment came after the Centre had conducted a probe into their trip to Cambodia and their alleged involvement in the coup attempt.

While Kraiwat denied holding any official positions in the IBC in Phnom Penh in a recent press interview, it is still open to debate if the Chinnawat Computer and Communications Group, the parent company of IBC in Phnom Penh, and its billionaire owner Thaksin Chinnawat, were directly involved in the coup plot. The Cambodian Government had revised the IBC broadcasting contract and severed its monopolistic operation term from 99 to only 30 years.

An Asian diplomat in Phnom Penh disclosed recently that the Cambodian Government has voiced its "grave concern" over Thaksin's nomination as the new foreign minister. A Thai government official, who requested anonymity, also questioned how the telecom tycoon Thaksin, if appointed the ministerial portfolio, would handle the alleged Thai conspiracy in the coup and doubted if he would dare make an official trip to Cambodia.

Prime Minister Chuan has responded positively to the Cambodian request on October 12 for information about the 14 Thais. He agreed to provide any information, which will not adversely affect the national interests, and to allow a Cambodian investigation team here to talk to the group, but with prior individual consent.

However, Chuan and Gen Wimon acted too late to probe the allegations of Thai involvement in the coup attempt. The nine Thai detainees, whether guilty or not, have been unlawfully detained far too long, while Thanongsak Surathananan, who claimed to employ them to work as for Hightech Antenna Co, has long fled to Thailand for safety.

For nearly four months, the Thai government has shown its inefficiency and diplomatic powerlessness to bargain or negotiate for their prompt release, or even to secure access by Thai professional legal experts to defend their cases.

If by any chance the group was granted a royal pardon by King Sihanouk, Thailand's tarnished image and sagging

credibility in the eyes of the world community, especially those of its neighbouring countries, would remain conspicuously tainted as long as the cross-national scandalous conspiracy was not cleared up.

The Thai public, through various media arms, has been kept well abreast of developing cloudy situation and is no less anxious and concerned to know the truth. As Thai citizens, they partly share the blame and the shame of an event they did not even knew about.

Interior Minister Gen Chawalit Yongchaiyut was right when he said over the weekend that Phnom Penh should release the Thai detainees for the sake of continuing good ties between the two countries.

But he seems to forget one crucial element—that Cambodia could ask Thailand for a similar favour—an investigation into the alleged Thai complicity in the coup, also for the sake of good bilateral relations.

Like it or not, Phnom Penh for its part has also failed badly in its duty. It has not only ignored the need to investigate and take legal action against key Cambodian culprits, but also failed to arrest—and even allowed to go free—key coup plotter Prince Norodom Chakkrapong by permitting him overseas exile. Another conspirator, former interior minister Sin Song, mysteriously escaped from the jail and his whereabouts remain unknown.

Some Thai government sources said Phnom Penh itself has been reluctant to publicize or probe deeper into the coup attempt for fear of uncovering "several shocking or embarrassing pieces of information" hinting at the possible involvement of members of its own administration and the Cambodian private sector.

The sources said both Bangkok and Phnom Penh have obtained some "credible evidence" that a Cambodian minister dealing with security matters and a well-known and powerful Cambodian businessman had flown to Bangkok together a weekend before the coup for meetings with some Thai co-conspirators. The same businessman is said to have partially financed the coup operation.

UNHCR Lauds Government on Status of Illegals

*BK2710050194 Bangkok THE NATION in English
27 Oct 94 p A5*

[FBIS Transcribed Text] Thailand's move to explore methods for determining the status of groups of illegal emigrants is welcomed by the United Nations High Commissioner for Refugees (UNHCR), UNHCR representative Ruprecht von Arnim told THE NATION.

National Security Council Secretary General Charan Kunlawanit was quoted by Von Arnim as saying that Thailand will be seeking ways to evaluate the needs of displaced peoples entering the Kingdom, to decide if they are indeed asylum seekers.

In his speech during UNHCR's 45th session of the Executive Committee Programme in Geneva earlier this month, Charan also said there were reasons for Thailand to expect large numbers of people seeking to enter illegally following the conclusion of the Comprehensive Plan of Action in 1995.

He said that because some people leave their country as a result of internal conflict while others leave to seek better jobs, there is a need to determine who truly requires protection and assistance so they can receive appropriate treatment.

Von Maim said there had been some vagueness in the past over the status of illegal emigrants and this had hindered the UNHCR's ability to provide appropriate assistance to genuine asylum seekers.

"We are in contact with the Thai Government to decide how to put this procedure of refugee determination into motion, and we have reached a good basis already. I think it is likely to be implemented rather soon," he said.

In the past two decades the UNHCR has spent US\$ 1.1 billion to assist refugees, and von Amim said Thailand deserves full credit for having sheltered more than 1.2 million refugees and displaced persons over that same time.

Thailand has been a member of UNHCR's executive committee since 1979 but is not a signatory to the 1951 Geneva Convention. However, it adheres to the customary laws and subscribes to the basic ideas of the Convention which protect people who have fled their country in fear of persecution for reasons clearly defined as being of political, ethnical, religious or social nature.

Editorials Comment on Cabinet Reshuffle

New Cabinet Urged To Start Work

BK2710111894

[FBIS Editorial Report] Two Thai dailies—KRUNGTHEP THURAKIT and THAI RAT—carry editorials in their 27 October issues on the reshuffled cabinet.

The 400-word KRUNGTHEP THURAKIT editorial, on page 2, is entitled: "The Chuan III Government Has No Time To Waste in the Remaining Two Months." It notes that it is common knowledge that the reshuffle of Phalang Tham and New Aspiration Parties cabinet ministers did not go smoothly and has resulted in a degree of division in those two parties.

The editorial says: "We do not care if the cabinet reshuffle pleases or displeases MP's of those two parties. However, we do care and strongly wish that the government will be stable and able to bring progress and benefits to the country and the Thai people. All MP's, regardless of whether they benefitted or lost from the reshuffle, should show good spirit by allowing the new government to work and demonstrate its capabilities

fully. We do not ignore the MP's task of monitoring the government, but we disagree with unending and vehement opposition against the new ministers." It adds that people want the MP's to concentrate on their main duties of performing legislative and government monitoring work.

The 350-word THAI RAT editorial, on page 3, entitled: "Your Time Is Running Out," notes that since the suspense over the cabinet reshuffle is over, "all the Thai people want is for the government that came into existence democratically to be politically stable and to have time to administer the country, in accordance with the policy pledges it made during the election campaign to achieve economic stability and greater democracy for the country."

The editorial concludes: "Now that the struggle for cabinet posts has been settled, the Thai people appeal for politicians in the government wing to devote themselves to work to solve the country's numerous problems. The government does not have much time left."

'Spotlight' on Chamlong, PDP Team

BK2710044094 Bangkok THE NATION in English
27 Oct 94 p A6

[Editorial: "Let New Cabinet Members Prove Their Competence"]

[FBIS Transcribed Text] So we finally have a new Cabinet. A Chuan III administration, to be exact. Whether they represent a cosmetic, or truly meaningful change, the respective abilities of the 14 newcomers will become apparent soon enough. We know at least now that the new ministers and deputies believe they can do much better than the ones they succeeded. Otherwise, they would not have accepted the challenge.

The new line-up came after a series of turbulent power struggles within the Phalang Tham [PDP] and New Aspirations parties [NAP], which almost caused a crisis for Prime Minister Chuan who had initially watched the goings-on with relative bemusement. The change in the NAP team was minor, but with former Governor of the Expressway and Rapid Transit Authority of Thailand, Sukhawit Rangsitphon, being due to take charge of mass transit projects, he could on be a collision course with Chamlong who will oversee traffic problems.

The spotlight is now on the 11 members of the Phalang Tham of Maj Gen Chamlong Simuang who assumes the deputy premiership. He too believes that he is more effective than the man he just replaced as party leader and deputy prime minister, Bunchu Rotchanasathian.

Chamlong and his team will have two years at the most to prove they can do it better than their fellow party members who were dumped quite unceremoniously. They can not afford to achieve less than their predecessors, for it would not have been worth the crisis which shattered the party's self-proclaimed moral superiority over others.

Going through the list of Phalang Tham ministers, there is no need to point out which newcomers are much less palatable and creditable than their predecessors. But let's give them credit, even it is not yet due—an early benefit of the doubt. No doubt the public will be able to closely monitor their flair for management as well as their competence with the aid of disgruntled ex-Cabinet members who predictably want to settle scores with the party leader.

They have to live up to their own expectations, which could be a lot or nothing. The public does not want to set too high a hope for some sort of sterling performance from the Phalang Tham team, because we have been through too many changes and shifts in party policy and practices, that have led to suspicions of hypocrisy.

Without any room for excuse, Chamlong himself has at least two missions. He has to prove that his hand-picked team is better and that means that he can salvage the wrecked image of the party that resulted from the drawn out party squabbling and backbiting. His achievement may not necessarily tally with the actual public need, given its track record on issues which the party had advocated.

With himself as the main stock in trade, Chamlong has also ushered in two prominent members from the private sector—Lt Col Thaksin Chinnawat as foreign affairs minister and Wichit Suraphongchai as communications and transport minister—to take plum assignments. With the exception of Dr Krasae Chanawong, others in the Phalang Tham camp have little of a track record in public office.

This is also a major transition for Phalang Tham which continues to be riven by internal rifts. The change will also make the Chuan coalition more like a captive administration, dependent on the mercy of the ex-Cabinet members. Chamlong and his team are expected to have more sleepless nights, from now on, not knowing when the rebels within the party will decide to terminate their support when a vote on crucial issues is called for.

With the continuing rebellion rocking the Chuan ship, the atmosphere in the Cabinet room will be much less pleasant. Chamlong will be held responsible by the coalition partners for any sudden increase in instability. Let's hope, however, that the Phalang Tham rebels allow their fellow members the room to succeed or fail on their own merits.

Make it worth all the fuss, please!

Vietnam

Radio Views U.S. Admiral Robert Macke's Visit

*BK2610141594 Hanoi Voice of Vietnam in English
1000 GMT 26 Oct 94*

[Station commentary]

[FBIS Transcribed Text] Prime Minister Vo Van Kiet has met with visiting U.S. Admiral Richard Macke, commander of the U.S. Armed Forces in the Pacific. Here is our radio comment:

Relations between the United States and Vietnam have been developing positively. According to the Vietnamese Foreign Ministry spokesman at the last week's press conference, U.S. and Vietnamese negotiators are trying to finalize regulations for the establishment of liaison offices in their respective capitals by the end of the year.

At a reception given to the U.S. admiral, Prime Minister Vo Van Kiet conceded that this is a milestone in the process of normalizing bilateral relations. The Vietnamese prime minister said he was gladdened by the initial cooperation between Vietnamese and U.S. business people. He said the cooperation not only benefits the interests of both countries but also peace and stability in the region and the world.

Admiral Macke appreciated Vietnam's goodwill in solving the MIA issue and expressed admiration at the Vietnamese people's achievements in national reconstruction. He voiced support for bilateral cooperation, especially in scientific and technical fields.

Up until May this year, over a quarter of America's leading companies have sought business opportunities in Vietnam. Thirty-four American enterprises have set up their representative offices in Vietnam by then, including General Electrics, IBM, and Bank of America.

According to a survey conducted by the U.S. Asian Commercial and Technical Council, trade value between Vietnam and the United States will reach \$2.7 billion within the two years since February 1994. The figure might amount to \$8.5 billion in the 5-year time. Voice of America commented that the U.S. has become the fifth biggest investor in Vietnam in 1994 with 10 projects worth \$167 million.

On 18 October, Mr. Robert Eaton, chairman of the Administrative Council and executive manager of the Chrysler Car Manufacturing Group, visited Vietnam. Mr. Eaton reached an agreement with the Vietnam Heavy Industry Ministry on the setting of a joint venture to assemble cars in Ho Chi Minh City. If things go accordingly, it will be the second largest project involving American interests in Vietnam. The largest one is the Nam My tourism center in Quang Nam-Danang Province in central Vietnam.

Mr. Eaton said: Vietnam's achievements in the reform process have encouraged his company to establish the long-term cooperation with Vietnam.

Country Officially Applies for ASEAN Membership

*BK2610143694 Hanoi Voice of Vietnam in English
1000 GMT 26 Oct 94*

[FBIS Transcribed Text] Vietnam has officially applied to join ASEAN. In his message to the Brunei foreign

minister, Prince Mohamed Bolkiah, Foreign Minister Nguyen Manh Cam voiced Vietnam's will to join the ASEAN. He also asked his Brunei counterpart to pass his message on to other member countries of the association.

Earlier, Deputy Foreign Minister Vu Khoan told ASEAN diplomats that Vietnam really wants to join ASEAN.

VNA Reviews Nguyen Manh Cam Visit to Belgium

BK2610160794 Hanoi VNA in English 1517 GMT 26 Oct 94

[FBIS Transcribed Text] Hanoi VNA Oct. 26—Foreign Minister Nguyen Manh Cam has paid a two-day visit to the Kingdom of Belgium and the European Union as guest of Deputy Prime Minister and Minister for Foreign Affairs Frank Vandenbroucks.

While in Belgium, Minister Cam met with Prince Philippe and exchanged views with him on his coming visit to Vietnam. Mr Cam held talks with his host and met with Minister of Trade Robert Urbain and Secretary of State for Cooperation and Development Eric Perycke. He also met with the leadership of the Association of Vietnamese Nationals in Belgium.

During the meetings the Belgium side affirmed its determination to promote cooperative relations with Vietnam considering Vietnam one of the key countries in Belgium's cooperation programme. The two sides expressed their satisfaction at the fine development of the cooperative relations between the two countries over the past time, especially since Prime Minister Vo Van Kiet visit to Belgium last July. They agreed to further promote the cooperation in economy, trade, investment, and technological transfer on the basis of the signed agreement, and at the same time coordinate with each other in implementing the three-year cooperation programme (1993-1995) on energy, transportation, public health, education, science, agriculture and improvement of economic management.

Foreign Minister Nguyen Manh Cam also met with Mr. Manuel Marin, vice president of the EU in charge of development cooperation and Mr. Hans van den Brock, member of the EU in charge of external affairs, who hailed Vietnam's development and highly valued its important role and effective contributions to peace, stability and cooperation in the region. The EU leaders also welcomed Vietnam's admission to ASEAN and integration into the international community.

The two sides expressed their pleasure at the results of the effective cooperation between Vietnam and the EU, especially in the trade field and the programme of reintegration and technical assistance. They also discussed orientations aimed at promoting the cooperation and accelerating the signing of a framework agreement on economic and trade cooperation between Vietnam and the EU which, they said, will be a background for the

stable and lasting relations between Vietnam and the EU. They affirmed that the EU has always attached importance to the development of its relation with Vietnam and has made a decision to soon open a representative office of the EU in Hanoi.

Commentary Condemns KR Massacre of Vietnamese

BK2710010094 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 26 Oct 94

[Station commentary]

[FBIS Translated Text] Creating panic among the Vietnamese community in Cambodia to force them to leave the country is the wicked scheme of the Khmer Rouge [KR]. Mr. (Hoffman) of the UNHCR in Cambodia said in Phnom Penh following the Khmer Rouge massacre of two Vietnamese families in Kompong Chhnang Province on 20 October that the Vietnamese fishermen in Cambodia are more frightened of the Khmer Rouge now than during the period prior to the elections last year.

Indeed, considering the events of the past, one can see that all massacres were aimed solely at the Vietnamese residents. The nature of these massacres is very cruel. They opened fire on Vietnamese families, killing old people and children. They also kidnapped people for ransom. One can put all the blame on the Khmer Rouge, but then can the Cambodian Government take any action at all to protect the Vietnamese community there? Worse still is that the Vietnamese residents in Cambodia have been massacred repeatedly. A UN spokesman said: The fact that the Cambodian Government did not investigate the series of massacres against the Vietnamese community in Cambodia has created suspicion. It is no exaggeration to say that the repeated attacks against the Vietnamese community in Cambodia are the result of the new immigration law adopted by the Cambodian parliament on 26 August.

Although the law did not stipulate that Chinese or Vietnamese residents in Cambodia are illegal immigrants, only the Vietnamese residents are being subjected to terrorism and threats. Responsible people in the Cambodian Government have, on many occasions, ensured that no decisions whatsoever have been made with the aim of expelling foreigners or zoning off areas for them. In reality, through the massacres of Vietnamese residents, one can obviously see that there were acts aimed at driving out the Vietnamese and that the terrorists intended to create fright among the Vietnamese residents in Cambodia to force them to flee the country, thus it is not necessary to set up concentration camps or zone off areas for the Vietnamese residents. Consequently, intentionally or not, the new Cambodian immigration law has helped the Khmer Rouge to incite national hatred and undermine the friendship and neighborly relations between Cambodia and Vietnam.

The Cambodian First Prime Minister, in an interview with the INTERNATIONAL INFORMATION

FORUM newspaper on 24 October, said that development is the main issue in Cambodia now. One may ask how can Cambodia develop when the country has not been able to restore peace and stability? How can Cambodia develop when racial conflict and discrimination are prevalent there? It is possible that some people in Cambodia may think that cleansing and driving the Vietnamese people out of Cambodia will create peace and happiness for the country. We, however, think that this is an elusive concept. Maybe these people have forgotten that the Vietnamese residents have lived closely with the Cambodian people for many generations and have shared weal and woe with one another. Now that the Vietnamese are being massacred and expelled, the Cambodian people will not set their minds at rest. Cambodian Second Prime Minister Hun Sen recently mentioned national unity, and contended that it is a basis for ensuring peace and building the nation. Again, one may ask if the massacre of Vietnamese residents runs counter to the spirit of national unity.

The massacre of Vietnamese residents in Cambodia has not only caused indignation among the Vietnamese people, but has also stirred emotions elsewhere in the world. Many UN officials have voiced protests and called on the Cambodian Government to take actions to prevent massacres of civilians, regardless of their religion and race.

Further on Proceedings at National Assembly

Budget Debate Continues 25 Oct

BK2610145294 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 25 Oct 94

[Report by Quang Huong on 25 October activities of the Sixth Session of the Ninth National Assembly]

[FBIS Summary] "Dear friends: Almost all deputies who spoke agreed with the government report's assessment of the achievements of this year. Deputies from Ha Bac, Tra Vinh, Ben Tre, Ninh Thuan, Thai Binh, and Lang Son Provinces held, however, that despite its continued growth, agricultural production continues to face countless difficulties. Those major issues which need the attention of the National Assembly and government include the management of agricultural supplies for the peasants and the need to protect peasants from arbitrary pricing and the sale of imitation insecticide."

Deputy Tran Thanh Hong of Tra Vinh Province said:

[Begin Tran Thanh Hong recording] We propose that the government provide better guidance for the consolidation and strengthening of the material supply system for production. As for those supplies essential for production, such as fertilizer, we must take steps to resolve the supply situation without allowing the price to float. [end recording]

"Another issue drawing the attention of deputies was the need to invest in development of the mountain

economy. Many road and water conservation projects in the mountain region are in serious need of repair."

Deputies from Lang Son, Lao Cai, Gia Lai, Quang Nam-Danang, and Thai Binh Provinces held that "in the past, the state has invested in the mountain region through various projects such as Project 327, designed to reforest bare land and hills. Nevertheless, operating funds have trickled in and only 20-30 percent of the total funds allocated have been received."

As for investment in the mountain region, Deputy Nguyen Dang Lam from Quang Nam-Danang province said:

[Begin Nguyen Dang Lam recording] The government should direct various sectors to invest in targeted road projects in the mountain region. As soon as roads are built, there must be efforts to carry out farming and homesteading and to build medical facilities and schools. [end recording]

Deputy Tran Van Ngau from Ben Tre Province called for prompt efforts to reorganize state enterprises while Deputy Nguyen Duc Kien from Hai Hung Province proposed measures to increase budgetary collection. Nguyen Duc Kien said:

[Begin Nguyen Duc Kien recording] As for the 1995 budget plan, I think that we can tap all domestic revenue resources to achieve or exceed the 1995 collection target. The prospects for increased revenue collection from nongovernmental small-industry and handicraft production are still great. We have, in fact, not been able to contact all prospective taxpayers. [end recording]

To balance revenue and expenditure and gradually overcome the budget overruns, Deputy Nguyen Ngoc Tran from An Giang Province said:

[Begin Nguyen Ngoc Tran recording] First, we must reexamine various routine expenditures to reduce them and ensure rational spending. We must develop and make effective use of the social security fund, and must advance toward providing complete funding for Point 13 in the section on routine expenditure. [as heard] Second, we should not seek short-term loans for infrastructure projects because investment in this field does not yield profits quickly. We should refrain from seeking short-term local and foreign loans as we have another alternative in ODA [Overseas Development Aid]. Although we have a lot of resources, we have not been able to make considerable use of them. I think that we must increase the use of ODA in accordance with the targets. [end recording]

"Dear friends: The deputies also voiced the need to take practical steps to fight corruption, smuggling, and other social vices. Among the problems in various enterprises in partnership with foreign countries are working conditions and benefits for the workers. Deputy Nguyen Van Tu from Dong Nai Province told the National Assembly

that in a number of foreign ventures, the foreign owner has mistreated Vietnamese workers." He said:

[Begin Deputy Nguyen Van Tu recording] To strictly enforce Vietnamese law and to protect the dignity of the Vietnamese people and, more importantly, the spirit of national pride during this door-opening stage, I suggest that the following actions be taken:

1. For those cases which are deemed not so serious, the offender must be made to apologize the workers concerned. He may also face a fine.
2. For serious cases, the offender may face deportation.
3. The offender may face charges in accordance with Vietnamese law.
4. In cases where there are acts of reprisal such as lay-offs and reductions in force, workers must be encouraged to unite to struggle as defied by law. [end recording]

"Dear friends: Tomorrow, the National Assembly will continue its debate at the Ba Dinh Conference Hall."

Communique No. 6 Issued

BK2610163394 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 26 Oct 94

["Communique Six" issued by the Sixth Session of the Ninth National Assembly on 26 October]

[FBIS Translated Text] The National Assembly Office has issued Communique No. 6, which reads as follows:

The National Assembly held a plenary session at the conference hall today under the direction of Vice Chairman Nguyen Ha Phan to continue discussing implementation of the 1994 tasks, the orientations and tasks for 1995, and the state budget.

Twenty-five deputies aired their views, which focused on the following issues:

- the situation regarding the implementation of the policy on the delivery of forest land [to peasant households] for management;
- investments in infrastructure and in cultural, educational and health development in areas inhabited by ethnic minority groups and in the mountain region;
- the agricultural promotion policy and those measures aimed at promoting aquaculture and the exploitation and processing of agricultural and marine products;

- measures to fight tax collection shortfalls and to increase the sources of revenue for the state budget;
- building a domestic capital market;
- the division of budget management responsibilities and the resolution of financial relations between the central and local levels;
- the situation regarding the practice of thrift against wasteful spending in capital construction and measures to be taken to overcome negative phenomena in this field;
- the need to step up administrative reform of the state apparatus and renovate management of state-run economy;
- the situation regarding implementation of the population and family planning tasks;
- building a new cultural lifestyle; and
- the task of firmly maintaining national defense and security in support of the renovation process, and so forth.

The National Assembly will continue its session at the conference hall on 27 October.

Prime Minister Promulgates Investment Act

BK2710090694 Hanoi VNA in English 0717 GMT 27 Oct 94

[FBIS Transcribed Text] Hanoi VNA October 27—The prime minister signed on October 20 a decree on the promulgation of a statute on investment and construction management to replace the previous statutes.

The newly promulgated statute comprises 8 chapters and 60 articles and appendices.

Article 3 stipulates the requirements for implementing an investment project, including a construction project.

Article 4 stipulates the ending of construction and putting the project into utilization.

Article 5 deals with forms for organizing and managing the implementation of the project.

Article 6 stipulates 3 principles for management of construction costs.

Article 7 deals with inspection and treatment toward organizations or individuals who violate investment and construction activities. The decree takes effect on the date of issuance and shall be applied to all economic sectors throughout the country.

Australia**Evans: Hostages in Cambodia Killed 'Last Month'***BK2710073294 Melbourne Radio Australia in English
0500 GMT 27 Oct 94*

[FBIS Transcribed Text] Cambodian troops say a search of the captured Khmer Rouge base on a mountain in southern Kampot province had produced no sign of the three Western hostages who have been held there. The development came as the Australian foreign minister, Gareth Evans, said he had received credible, but as yet unconfirmed, report that the hostages had been killed by the Khmer Rouge last month. The hostages—an Australian, David Wilson, and a Briton and a Frenchman—had been held at the base after being taken prisoner during an ambush on a train three months ago. Cambodian forces later launched an offensive against the base which involved the use of artillery. Senator Evans said if the report proved true, it would be obvious that responsibility must rest with the Khmer Rouge, and Australia would not accept anything less than the killers being brought to justice. Sen. Evans said the Khmer Rouge remains, as he put it, mindlessly and barbarically determined to destabilize and destroy Cambodia.

Meanwhile, the Australian Government has expressed sorrow and anger at the reported murder of Mr. Wilson by the Khmer Rouge. Prime Minister Paul Keating offered condolences to the parents of the dead man. Mr. Keating said Australia has fairly authoritative reports that the three men have been killed.

The defense minister, Robert Ray, says he is disappointed and angered at the apparent action of the Khmer Rouge. Sen. Ray said the tragedy will not affect Australia's consideration of military aid to the Cambodian Government.

Trade Minister Asserts AFTA Not Anti-Europe*BK2610063194 Melbourne Radio Australia in English
0500 GMT 26 Oct 94*

[FBIS Transcribed Text] Australia's trade minister, Senator Bob McMullan, says the proposed Asia-Pacific Economic Cooperation [APEC] free trade area is not anti-Europe. He said it merely reflects the fact that economic power is shifting away from the Atlantic to the Pacific. Sen. McMullan made these comments in an address to foreign correspondents in Sydney today. The minister said there was a great degree of anticipation that the APEC leaders would endorse the proposal for an APEC free trade area [AFTA] by the year 2020 when they meet in the Indonesian city of Bogor next month. Commenting on the report that China has rejected the timetable for the APEC free trade area, Sen. McMullan said he was moderately optimistic that China could be persuaded to go along with the idea of a timetable. Sen. McMullan said the Chinese statement emphasized the

fact that the APEC free trade proposal has not been set in stone and that there was still some way to go before an agreement is finalized.

Government To Help Mongolia With Health Projects*OW2610083594 Tokyo KYODO in English 0724 GMT
26 Oct 94*

[FBIS Transcribed Text] Sydney, Oct. 26 KYODO—Australia will provide nearly 100,000 U.S. dollars for immunization and iodine deficiency programs in Mongolia as part of an overall aid package of 700,000 dollars for 1994-1995, Foreign Minister Gareth Evans said Wednesday [26 October]. Mongolia's 2.2 million people will benefit from Australian support for the two projects, especially women and children, he said. "As Mongolia adjusts to a new economic order and recovers from economic recession, the country faces the challenge of maintaining and improving health services to the community," Evans said.

"Australia hopes that its assistance will help Mongolia reduce the number of deaths caused by infectious and stress-related diseases," he said. Australia is giving 50,000 dollars to Mongolia's national immunization program, aiming for at least 80 percent vaccination coverage for children against diseases such as diphtheria, tetanus, measles, poliomyelitis and tuberculosis. A further 40,000 dollars will help with the production and distribution of iodized salt to reduce the level of iodine deficiency. Australian support for the transition process and economic and social development in Mongolia is now in its third year, Evans said.

Solomon Islands**Court Rules Billy Hilly Remains Prime Minister***BK2610064694 Melbourne Radio Australia in English
0500 GMT 26 Oct 94*

[FBIS Transcribed Text] The Solomon Islands High Court has ruled to end the country's two-week old constitutional crisis. Erina Reddan reports Francis Billy Hilly remains as the country's prime minister.

[Begin Reddan recording] Since Monday, Solomon Islands appeared to have two prime ministers. Mr. Hilly refused to stand down when Governor General Moses Pitakaka sacked him on 13 October because he no longer commands majority in Parliament. On Monday evening, Mr. Pitakaka swore in opposition leader Solomon Mamaloni as caretaker prime minister. Justice Albert Palmer has ruled that if Mr. Hilly refuses to resign, he remains as prime minister until he is removed by a no-confidence vote in parliament. However, Justice Palmer noted a recent appeals court ruling that the governor general does not have to take advice from the minority government. Parliament will sit on 31 October. [end recording]

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